

**United States
Securities & Exchange Commission**

**Firm Disclosure Brochure
Form ADV Part II**

NEW CAPITAL

CRD 131658

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This brochure, pursuant to SEC Rule 206(4)-3, provides information about the qualifications and business practices of New Capital Management LP (“New Capital” or “NCM”). If you have any questions about the contents of this brochure, please contact New Capital by phone at (800)724-9866 or by email at lg@newcapitalmgmt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about New Capital is also available on the SEC’s website at www.adviserinfo.sec.gov. You may search for information by using New Capital’s CRD Number **131658**.

New Capital is an SEC Registered Investment Advisor. Registration with the SEC does not imply a certain level of skill or training, only that total firm assets under management exceed \$100 million in value.

This revision fully supplants and replaces any prior editions of New Capital’s Form ADV II.

2. Material Changes

- New Capital Management's assets under management as of December 31, 2016 are approximately \$311,00,000 held across 82 client relationships, of which approximately \$240,000,000 is held in 76 discretionary client relationships, and approximately \$71,000,000 is held in 6 limited discretionary relationships.
- Changes to fees, discussed in Section 5. In January 2017, New Capital reduced the fee for its first fee tier from 80 bps to 75 bps. Additionally, New Capital implemented a new fee discount method for clients participating in its standard fee structure (subscribed to by most clients). Clients in this program are eligible for fee discounts for: prospective client referrals they provide; their tenure as clients; completing the firm's annual satisfaction survey; attending the firm's annual conference meeting; and granting the firm discretionary management authority.
- As of January 1, 2017 New Capital has begun initiating a new program to enhance its service to its clientele through defined and articulated service levels. This effort will ultimately result in all clients being matched with the service level that is most appropriate for them.
- In March 2017, Fidelity Investments, New Capital's main custodian, reduced its equity trade commission from \$7.95 per trade to \$4.95 per trade, which is discussed in Section 5.
- New Capital has adopted a substantially expanded Code of Ethics which addresses a much broader set of elements than before, which is discussed in Section 11.

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4. Advisory Business

New Capital Management LP (“NCM”), a Texas limited partnership, is a fee-only investment and financial advisory firm started in 2004. Leonard M. Golub is the firm’s founder, shareholder, and advisor. The general partner of New Capital Management LP is Solaris Advisors LLC, a Texas limited liability company, with Mr. Golub being the only owner of over 25% of NCM’s limited partnership interests.

Mr. Golub graduated from Amherst College (Massachusetts) in 1989 (Bachelor of Arts), from the University of Texas McCombs School of Business in 1999 (Master of Business Administration), and earned the Chartered Financial Analyst designation in 2003.

New Capital Management’s primary practices are investment management and wealth management. NCM specializes in broadly diversified portfolios primarily employing institutional no-load, low-expense mutual funds on behalf of clients. NCM employs primarily passively managed (“index fund”) strategies for clients (especially for equity exposure), but may also utilize a substantial allocation to actively managed funds. NCM believes that it is able to efficiently deliver meaningful diversification to clients along the following critical dimensions:

- Category (Equity, Fixed Income, Real Estate, Commodities, etc.)
- Geography (Domestic, Foreign, Emerging Markets, etc.)
- Industry (Energy, Technology, Financial, etc.)
- Capital Structure (Senior debt, Subordinated debt, Convertible debt, etc.)
- Equity Style (Large, Small, Value, Growth, etc.)
- Alternatives (Hedge mutuals, Hedge funds, Private Equity funds, etc.) [note: these are sparingly used by New Capital Management given their high fee structures]

Clients may seek greater or lesser levels of portfolio customization with NCM, which may also include the imposition of restrictions on the acquisition of certain securities or types of securities. NCM offers socially responsible investments to clients who want them. NCM also provides management, for a fee, of client held-away assets, such as 401(k) assets, in order to better integrate them into an overall portfolio strategy. NCM also has significant expertise in the management of positions of low cost basis/highly appreciated stock, including the use of options to hedge concentrated equity positions.

NCM, itself and in conjunction with other professional advisors, also provides advisory services in the following areas:

- Estate Planning
- Insurance Planning
- Tax and Accounting
- Education Planning
- Charitable Planning
- Real Estate
- Business Planning

- Asset Protection
- Career/Retirement Planning

5. Fees and Compensation

New Capital Management is only compensated by fees paid directly by its clients. NCM does not receive commissions, does not receive payments from third parties, and has no financial interest in any services or investment products employed for its clients. Accordingly, NCM has no fee-related conflicts of interest and therefore no incentive to recommend investment products based on the compensation received, rather than on a client's needs. When NCM recommends mutual funds for clients, they are no-load funds (i.e., they have no sales charges).

NCM assesses its fee based on the following standard fee schedule:

Breakpoint	Fee basis
\$1 million and less	0.75%
\$1 million - \$3 million	0.70%
\$3 million - \$5 million	0.60%
\$5 million - \$8 million	0.50%
\$8 million - \$20 million	0.40%
\$20 million +	0.30%

NCM's fees are not generally negotiable; however, in rare circumstances NCM may elect to offer a discount in extenuating circumstances. Most commonly, NCM offers discounts from its (above) standard fee schedule based upon certain factors:

- Client's demonstrated willingness and ability to refer others to the firm
- Client's tenure with the firm
- Client's completion of the firm's annual performance satisfaction survey
- Client's attendance at the firm's annual conference meeting
- Client's grant of discretionary management authority to the firm

Fees are deducted quarterly in advance directly from pre-determined discretionary client accounts (clients may select how to apportion fees among their accounts). NCM delivers a fee billing statement along with its quarterly reports to clients. Additionally, fees are reflected as "Advisor Fee" on the client's broker custodian statement. NCM also sends an end of year report to clients showing all fees billed for the year by account. A \$2000 minimum annual fee applies to all households, and this minimum means that any household with under \$250,000 in assets under management would incur a rate higher than NCM's maximum rate of 0.75%.

Clients incur additional management fees from any mutual or other funds used for portfolios.

Clients also incur brokerage transaction fees from NCM’s main custodian, Fidelity Investments, for trading securities, as follows:

	Purchases	Sales
Equities and ETF’s	\$4.95	\$4.95
No transaction fee mutual funds	\$0	\$0
Transaction fee mutual funds	\$20	\$20
DFA and Vanguard	\$40	\$20

As clients pay NCM’s quarterly retainer fee in advance, any terminating client may obtain a refund of this pre-paid fee if the advisory contract is terminated before the end of the billing period. The refund is made pro rata on the days remaining in the quarter.

NCM currently uses Fidelity Investments as its primary broker. While NCM could elect to use another primary broker(s), NCM gains efficiency advantages from its use of a sole broker and believes those efficiencies allow it to maintain a relatively lower fee structure than industry average. Additionally, NCM does not believe that other brokers are able to render services at meaningfully lower rates than those negotiated by NCM with Fidelity. However, Fidelity’s surcharge on DFA and Vanguard funds causes NCM to carefully evaluate the benefits of any particular trading initiatives in client accounts.

6. Performance-based Fees and Side-by-Side Management

NCM does not currently assess fees based on a share of capital gains on or capital appreciation of the assets of clients. Accordingly, NCM does not have any incentive to favor accounts that receive a performance-based fee over those that do not.

7. Types of Clients

NCM provides investment advice mostly to families and individuals (including high net worth individuals), but also to related trusts, businesses, charitable foundations, and pension funds. While NCM does not have any stated requirements for opening or maintaining an account, such as a minimum account size, the majority of NCM’s clients have at least \$250,000, and frequently more, in net household investable assets. Average household account size is approximately \$3.8 million. A majority of clients are in Houston, but there are also clients in other parts of Texas, in other US states, and in other countries.

8. Methods of Analysis, Investment Strategies, and Risk of Loss

NCM’s focus is on getting a client into the right portfolio *for them*. That necessarily involves analysis of *client, securities, investment environment, and portfolio*.

Analysis of Client

On the client analysis side, the following methods are employed:

- *Life Planning.* NCM explores prospect/client goals and needs through an in depth discovery process. This process explores client background, family history, financial history and experience, and personal goals. This background information enables a thorough survey of actual and potential client cash needs over a long horizon. NCM provides clients with detailed summaries of this information.
- *Financial Planning.* NCM utilizes client background information developed during the Life Planning effort as the foundation for a full financial planning effort which juxtaposes goals and needs with available and prospective resources to determine whether a successful financial outcome (defined as both meeting all goals and not outliving resources) is likely. NCM provides prospects and clients with detailed reports of this work, which is also reviewed annually for changes.
- *Investment Planning.* Client risk capacity, risk tolerance, and return requirements are assessed using risk tolerance software, financial planning software, and investment modeling software which produces a recommended equity/fixed income allocation. This basic model is further refined using tactical assessments of current market valuations, and a recommended portfolio is discussed with the client. Refinements may follow that result in a final model and its implementation through trades. NCM provides clients with documentation including risk questionnaires, investment objectives, and portfolio detail reports.

Analysis of Securities

NCM engages in a variety of activities to form a basis for investment recommendations to clients. In general, NCM regularly monitors the securities marketplace for the appearance of products that can:

- Fill voids in client portfolios
- Further diversification, and thereby decrease risk, of client portfolios
- Improve upon existing methods, portfolios, or products
- Lower costs for clients

NCM gains information about such investment products through a variety of sources, including the financial press (newspapers, magazines, and financial blogs), but especially through direct relationships and information subscriptions which include but are not limited to:

Relationships with Fund Companies. NCM meets regularly, often several times a month, with representatives of fund companies whose products NCM either recommends to clients or is evaluating for recommendation (e.g., PIMCO, Fidelity, Blackrock, Natixis, Vanguard, Eaton Vance, Franklin Templeton, Neuberger Berman, others). NCM is under no obligation to adopt fund company recommendations. Such meetings, alone or in conjunction with other advisors, are non-compensatory and educational in nature and designed to:

- Introduce funds to NCM
- Review fund performance
- Discuss investment strategy and environment
- Help form a reasonable basis for NCM recommendations
- Receive fund learning materials

As a public advisor, NCM is sought out by a wide variety of companies seeking to gain access for use in NCM's portfolios. NCM believes that its relationships with fund companies confer very significant benefits upon its clients.

Relationship with Fidelity. Since 2006, NCM has maintained a relationship with Fidelity Investments. Through this relationship, NCM has access to Fidelity's vast mutual funds warehouse. Additionally, as a registered investment advisor, NCM is granted access for its clients to the institutional class shares – generally the least expensive class - of virtually all fund companies. NCM believes that its access to institutional shares in Fidelity's funds warehouse confers substantial advantages on its clients, and enables an unrestricted "go anywhere" approach to investment.

Relationship with DFA. Since 2008, NCM is authorized to purchase for clients funds managed by Dimensional Fund Advisors ("DFA"). DFA, with over \$400 billion in assets under management, is a fund company with significant and recognized skills in the assembly of sophisticated, low-cost, passive global equity portfolios, and distributes its funds solely through approved advisors. The DFA approval process requires advisors to submit a profile questionnaire to DFA and attend training seminars at DFA's offices. The relationship with DFA is significant and substantial but non-binding, and NCM is under no obligation to invest any minimum amount of client funds with DFA. Instead, and despite the higher transaction charge that Fidelity now assesses to purchase DFA funds, NCM is often disposed to utilize DFA funds in client portfolios because it believes that DFA's funds confer very substantial investment benefits for its clients, especially in the area of core equity exposure. For example, DFA's core equity funds represent a larger universe of equity exposure than most competing funds and thereby actually reduce the need to engage in multiple transactions to gain comprehensive exposures.

Relationship with Morningstar. Since 2007, NCM has paid an annual subscription fee to Morningstar Inc., an independent securities research firm, for software to help analyze the universe of available investments. Using this software, NCM maintains watch lists of potential investments in many different asset classes, and can readily and quickly compare investments within asset classes, each of which carries its own distinct risks. As a result, NCM can make recommendations to clients over a particularly broad set of global assets. NCM believes that its use of Morningstar analytics confers very significant benefits upon its clients by providing a broad set of analyzed assets from which to consider investment.

Analysis of Investment Environment

NCM prefers to focus on current effective total yield (undistributed earnings plus dividends) and yield spreads of investments to better understand the investment environment. Yields, provided they are rationally generated by an investment, often communicate substantial information about future returns, and help investors decide between investments of different risks. A riskier investment, for example, should produce a higher yield (or spread) than a less risky investment. When they do not, such as when prices for an asset class are bid so high that the investor is no longer compensated via effective yield for the risks being assumed, caution is warranted. Relative yields, in NCM's judgment, can convey substantial information about the general investment environment.

Analysis of Portfolios

NCM establishes core positions for clients in equity, fixed income, and other assets (commodities, real estate, etc.) that provide, as much as is possible, exposure to asset class market returns ("beta") which form the foundation of client portfolios. Many if not most NCM clients remain satisfied with portfolios that provide such comprehensive passive beta exposures. A minority of clients, after counseling with NCM, may elect to pursue additional management strategies designed to deliver either asset class out-performance ("alpha") or a greater lack of correlation with other assets ("diversification"). NCM identifies such active manager candidates using its Morningstar securities analysis software and through meetings with fund management firms.

NCM monitors client portfolios primarily using a portfolio analysis and reporting system produced by Morningstar Inc., a major independent provider of investment data services. NCM regularly transfers and reconciles all client account transaction and position information into this system, which in turn produces asset allocation, performance, risk measures, cash flow, and other reports. Through this system, NCM assigns each client to a target risk benchmarks (ranging from Conservative to Aggressive), against which portfolio and performance metrics are compared.

NCM strives to meet or exceed, without the assumption of excessive additional risk, these target risk benchmarks. Tax considerations are taken into account for all trades made in non-qualified accounts. Trading costs are taken into account for all trades made. Fees are taken into account for all securities employed. In general, client accounts are not heavily traded, and trading often takes place around annual client review meetings after evaluations are made of changes in client risk tolerance and client circumstances. In other words, *client circumstances* rather than market conditions are likely to dictate portfolio changes. NCM believes that such an approach is more sensible than the general industry approach of trading client portfolios based upon market fluctuations, which may bear no relationship to client circumstances.

NCM's portfolios are very broadly diversified, and the primary risk that clients accordingly face is the risk of systematic market volatility, rather than risks commonly associated with individual securities (such as bankruptcy or mismanagement). Such volatility, however, is the price that any investor must pay in order to achieve market returns, and it cannot be avoided. In general and over time, higher returning assets will experience higher price volatility, while lower returning assets will experience lower price volatility. Over the long term, defined as from ten to twenty years, asset classes may generally be expected to yield their normalized rates of return. Over the short term, however, any particular asset class may produce returns that deviate, sometimes dramatically, from the long-term rate of return. A major risk to any investor, therefore, is the possibility that the investor will allow shorter-term volatility to force them from their position before the expected return is earned. One of NCM's major risk management efforts, therefore, is to work with clients on a personal basis to minimize behavioral impulses that can compromise long-term portfolio returns.

Despite the expectation of a long-term expected return, assets that NCM acquires for its clients may face the risk of losses, conceivably permanent, from changes in interest rates, tax rates, rates of price inflation, government policies, technology, and from war, crises, revolutions, man-made disasters, natural disasters, bank failures, communication disruptions, and other unforeseen events. Moreover, the broad geographical diversification of NCM's portfolios makes these occurrences more likely to impact the portfolios in any given year. However, the broad diversification also significantly mutes the impact of any single occurrence on the larger portfolio.

Still, while material risks are involved in any investment strategy, they are even more so involved with the lack of an investment strategy, where inflation is a constant threat to undermine the value of currencies. Over the past eighty-five years, inflation has been present in the United States economy *every single year* except for the handful during the Great Depression (where prices actually declined). Investors therefore face a choice between certain, constant, and permanent debasement of the purchasing power of their assets should they choose to hold them primarily in cash and cash equivalents, and equally certain but far more intermittent and temporary losses with higher returning, more volatile assets. One of NCM's primary functions is to find the proper medium between these two positions taking into account the particular needs of the client.

9. Disciplinary Information

No NCM personnel have been involved in any legal or disciplinary events before any court, any regulatory agency or authority, or any self-regulatory organization. Accordingly, there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of NCM's advisory business or the integrity of its management.

10. Other Financial Industry Activities and Affiliations

As a fiduciary, New Capital Management Limited has certain legal obligations, including

the obligation to act in clients' best interest. New Capital Management Limited maintains a Business Continuity and Succession Plan and seeks to avoid a disruption of service to clients in the event of an unforeseen loss of key personnel, due to disability or death. To that end, New Capital Management Limited entered into a succession agreement with Buckingham Asset Management, LLC, effective January 15, 2015. NCM can provide additional information to any current or prospective client upon request.

NCM is not registered, and has no application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, or a commodity trading advisor.

NCM maintains relationships, to varying degrees, with a variety of other professionals including:

1. Broker-dealers (especially Fidelity Investments and its affiliates)
2. Investment companies or other pooled investment vehicles (including mutual funds, closed-end investment companies, unit investment trusts, private investment companies or hedge funds, and offshore funds)
3. Other investment advisers or financial planners
4. Banking or thrift institutions
5. Accountants or accounting firms
6. Lawyers or law firms
7. Insurance companies or agencies
8. Real estate and mortgage brokers
9. Sponsors or syndicators of limited partnerships

None of these relationships are compensated, and as a result NCM believes that conflicts of interests with clients are either non-existent or not material. NCM enters relationships with such entities for two major purposes: (1) to enhance NCM's own service to clients by being able to make timely and qualified referrals of clients in need of other professional services, and (2) as part of NCM's efforts to market itself to and through other professionals.

11. Code of Ethics, Participation/Interest in Client Transactions, Personal Trading

NCM maintains and follows a Code of Ethics designed to meet the requirements of its registration. NCM's Code of Ethics addresses numerous areas including General Policy, Access Persons, Standards of Business Conduct, Custodial Account Reporting, Confidentiality of Client Information, Social Media Policy, Insider Trading, Trading Preclearance, Personal Securities Transactions, Trading Blackout Periods, Compliance Procedures, Service as an Officer or Director, Gifts and Entertainment, Political Contributions, Covered Associates, Rumor Mongering, Anti-Corruption Practices, Whistleblower Policy, Reporting of Violations, and Recordkeeping.

New Capital annually reviews its Code of Ethics with all employees in a series of meetings and requires each employee to maintain a copy at their desk for quick reference

and to sign and date a copy of the current Code. All signed documents are held with the firm's compliance documents. Clients or prospective clients may receive a copy of the firm's current Code of Ethics by contacting the firm at 800-724-9866.

12. Brokerage Practices

New Capital Management has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides NCM with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist NCM in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, record-keeping and client reporting.

Fidelity also offers other services intended to help NCM manage and further develop its advisory practice. Such services include, but are not limited to third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom NCM may contract directly.

NCM is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

NCM takes the size and purpose of client accounts into consideration when determining which funds to use in order to cost effectively engage in transactions for clients. For example, a very large client account may be relatively impervious to transaction fees and may therefore be appropriate for purchases of funds that bear higher transaction charges. Conversely, a small retirement account may be better served with no transaction fee funds.

NCM maintains a secondary brokerage relationship with Interactive Brokers, but generally utilizes that relationship solely for the purposes of obtaining least expensive margin rates for clients who seek substantial loans for longer periods of time.

13. Review of Accounts

NCM periodically reviews its clients' accounts and financial plans. Such reviews occur:

- *Quarterly*, upon generation of and prior to distribution of client quarterly reports. Such reviews are focused primarily on assessing whether any divergence of client accounts from assigned target risk benchmarks has occurred during the quarter and, if so, the cause and remedy.
- *Annually*, prior to and during meeting with clients for a regular review. Changes to account positions may result from changes in the investment environment or changes in a client's personal financial condition.
- *Ad hoc*, such as upon requests by clients, during periods of high market volatility, or simply during the course of performance of tasks for clients.

NCM provides regular quarterly and comprehensive end of year reports to its clients. These reports are generated using a system provided by Morningstar Inc., a major financial data provider.

14. Client Referrals and Other Compensation

NCM does not compensate any client or other person or entity, directly or indirectly, for client referrals. NCM therefore believes that no conflicts of interest arise from referrals that it receives.

15. Custody

Primary custody of NCM client funds is with Fidelity Investments. Clients receive monthly and end of year account and tax statements directly from Fidelity and should carefully and regularly review those statements for accuracy. NCM maintains online access to copies of all client statements and tax documents.

NCM has secondary custody relationships with the following organizations:

<u>Company</u>	<u>Purpose</u>
Interactive Brokers	Margin Lending
Jefferson National	Variable Annuities
Blackrock iShares	529 Accounts
Fidelity Charitable	Charitable Donor Advised Funds

A minority of NCM clients may have investments with other investment companies that are not eligible for custody with NCM's custodians (for example, a hedge fund or limited partnership). In such cases, clients will receive statements directly from the investment company, while NCM makes attempts to be established as the client's agent of record.

16. Investment Discretion

NCM accepts discretionary authority to manage securities accounts on behalf of clients. NCM offers two levels of discretion to its clients:

- *Full discretion* confers power of attorney to manage client accounts without requiring prior client permission to place trades.
- *Limited discretion* confers power to place discretionary trades on only 10% of the aggregate value of client assets without requiring prior client permission provided that pertinent transactions are closely related to each other in relationship and time, generally around 14 days.

NCM clients designate their choice of discretionary authority in the practice's Investment Management Agreement. Clients further grant trading and asset movement authorities to NCM via the Investment Management Agreement and via Fidelity Investment's account applications.

17. Voting Client Securities

NCM does not provide the means or authority to vote client securities. Clients receive their proxies or other solicitations directly from custodians (i.e., Fidelity Investments), corporate issuers (e.g., Exxon Mobil), investment companies (e.g., Pimco), or transfer agents (e.g., BNY Mellon). Clients are welcome to contact NCM with questions about particular solicitations.

18. Financial Information

NCM has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

NCM has not been the subject of a bankruptcy petition at any time.