

## **Firm Brochure**

(Part 2A of Form ADV)

**SPIVAK ASSET MANAGEMENT, LLC**

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This brochure provides information about the qualifications and business practices of Spivak Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at: (860)676-9756, or by email at: samllc@sbcglobal.net. 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 Spivak Asset Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 23, 2011

## Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (860)676-9756 or by email at: [samllc@sbcglobal.net](mailto:samllc@sbcglobal.net).

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# Advisory Business

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## Firm Description

Spivak Asset Management, LLC, ("FIRM NAME") was founded in 1996.

Spivak Asset Management, LLC provides portfolio management serving the investment needs of individuals, corporations, pension and profit sharing plans, trusts, estates and charitable organizations. Spivak Asset Management, LLC provides continuous investment advice and makes investments based on the individual needs of the clients. Spivak Asset Management, LLC is an investment adviser registered with the State of Connecticut pursuant to the Investment Advisers Act of 1940.

Spivak Asset Management, LLC is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Spivak Asset Management, LLC does not act as a custodian of client assets. The client always maintains asset control. Spivak Asset Management, LLC places trades for clients under a limited power of attorney.

Periodic reviews are communicated to clients to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the client.

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## Principal Owners

Jay S. Spivak is managing member and only owner of the Limited Liability Company Spivak Asset Management, LLC..

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## Types of Advisory Services

Portfolios will be managed on a discretionary (having the ability to determine without the client's prior consent, the securities and amounts of securities to be purchased or sold) basis. Portfolio composition will be determined based on each client's needs and portfolio restrictions, if any. Portfolios will be allocated to assets according to client's financial goals and risk tolerances.

Spivak Asset Management, LLC portfolios will generally be comprised of no load mutual funds and exchange traded funds, although other equity or debt securities may also be used.

As of February 28, 2011, Spivak Asset Management, LLC manages approximately \$67,270,000 in assets for approximately 55 clients.

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**Tailored Relationships**

The goals and objectives for each client are established with meetings with clients. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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**Retainer Agreement**

Retainer Agreements are not used at Spivak Asset Management, LLC.

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**Asset Management**

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Spivak Asset Management, LLC does not receive any compensation, in any form, from fund companies.

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**Termination of Agreement**

An Investment Advisor Agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. All fees will be prorated based on the time frame the assets are managed.

## **Fees and Compensation**

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**Description**

The annual fee charged for portfolio management is 1% of assets under management. After the first quarter, the measuring period will be pro-rated to be based on a calendar quarter thereafter. A minimum value of \$1,000,000 of assets under management is required for these services. Spivak Asset Management, LLC will quote an exact percentage to each client based on both the nature and total dollar value of that account. Clients will be invoiced in arrears at the end of each calendar quarter based upon the quarter end

values (market value or fair market value in the absence of market value) of the client's account during the previous quarter.

The annual management fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205-3). Fees are calculated based on the appraisal of the market value of assets under management, based on the custodian's statements, including securities, cash and money market balances.

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### **Fee Billing**

Investment management fees are billed quarterly, in arrears, meaning that we invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Spivak Asset Management, LLC, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.25 means that the mutual fund company charges 0.25% for their services. These fees are in addition to the fees paid by you to Spivak Asset Management, LLC.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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### **Past Due Accounts and Termination of Agreement**

Spivak Asset Management, LLC reserves the right to stop work on any account that is more than 120 days overdue. In addition, Spivak Asset Management, LLC reserves the right to terminate any agreement where a client has willfully concealed or has refused to provide pertinent information



about financial situations when necessary and appropriate, in Spivak Asset Management, LLC's judgment, to providing proper financial advice.

## **Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Spivak Asset Management, LLC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Types of Clients**

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### **Description**

Spivak Asset Management, LLC generally provides investment advice to individuals, banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

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### **Account Minimums**

The minimum account size is \$1,000,000 of assets under management, which equates to an annual fee of \$10,000.

Spivak Asset Management, LLC has the discretion to waive the account minimum. Accounts of less than \$1,000,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$1,000,000 within a reasonable time. Other exceptions will apply to employees of Spivak Asset Management, LLC and their relatives, or relatives of existing clients.

Clients with a larger amount of assets under management may pay a smaller percentage rate on their annual fees than the fees paid by clients with a smaller amount of assets under management.

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

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### **Methods of Analysis**

Portfolio construction is based on research into historical data of worldwide financial markets. The research evaluates the risk and expected return of potential holdings.

The main sources of information include financial newspapers and magazines, academic research, investment company research materials, prospectuses, the World Wide Web, filings with the Securities and Exchange Commission, and press releases.

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### **Investment Strategies**

The primary investment strategy used on client accounts is a diversified, asset allocation model utilizing mostly passively managed mutual funds. The holdings are globally diversified to control the risk associated with traditional markets. Portfolios are designed with a focus on mutual funds and exchange traded funds that meet the desired asset class with low expense ratios and tax efficiency. The goal is a disciplined approach to holding a diversified portfolio of stock and bond mutual funds and exchange traded funds.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client has continual communication with Spivak Asset Management, LLC regarding their objectives and desired investment strategy.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

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### Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

Spivak Asset Management, LLC is *not* registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

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### Affiliations

Spivak Asset Management, LLC has *no* arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

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## Code of Ethics

The employees of Spivak Asset Management, LLC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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## Participation or Interest in Client Transactions

Spivak Asset Management, LLC and its employees may buy or sell securities that are also held by clients. Employees comply with the provisions of the Spivak Asset Management, LLC *Compliance Manual*.

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## Personal Trading

The Chief Compliance Officer of Spivak Asset Management, LLC is Jay S. Spivak. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

# Brokerage Practices

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## Selecting Brokerage Firms

Spivak Asset Management, LLC does *not* have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Spivak Asset Management, LLC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Spivak Asset Management, LLC recommends discount brokerage firms and trust companies (qualified custodians), such as Fidelity Investments.

Spivak Asset Management, LLC does *not* receive fees or commissions from any of these arrangements.

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## Best Execution

Spivak Asset Management, LLC reviews the execution of trades at each custodian each quarter. The review is documented in the Spivak Asset Management, LLC *Compliance Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis. Spivak Asset Management, LLC does not receive any portion of the trading fees.

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**Soft Dollars**

Spivak Asset Management, LLC does not receive any “soft dollar benefits,” meaning nothing is received from a third party in return for client securities transactions.

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**Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## **Review of Accounts**

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**Periodic Reviews**

Account reviews are performed quarterly by Jay S. Spivak. Account reviews are performed more frequently when market conditions dictate.

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**Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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**Regular Reports**

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. Clients receive quarterly reports from Spivak Asset Management, LLC that state the value of the assets under management, the performance, and the investment adviser fee.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

Spivak Asset Management, LLC has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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**Referrals Out**

Spivak Asset Management, LLC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## Custody

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### Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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### Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the quarterly performance reports provided by Spivak Asset Management, LLC.

## Investment Discretion

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### Discretionary Authority for Trading

Spivak Asset Management, LLC accepts discretionary authority to manage securities accounts on behalf of clients. Spivak Asset Management, LLC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. Spivak Asset Management, LLC does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment strategy that you have approved.

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### Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

## Voting Client Securities

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### Proxy Votes

Spivak Asset Management, LLC does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Spivak Asset Management, LLC will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Financial Information

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### Financial Condition

Spivak Asset Management, LLC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Spivak Asset Management, LLC does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

## Business Continuity Plan

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### General

Spivak Asset Management, LLC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

## Information Security Program

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### Information Security

Spivak Asset Management, LLC maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### Privacy Notice

Spivak Asset Management, LLC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.



## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

Spivak Asset Management, LLC requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

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### Investment Advisor's Background Information

#### **Jay S. Spivak**

Born 1967

#### *Education*

University of Pennsylvania, Wharton School  
Philadelphia, PA  
Bachelor of Science in Economics, 1989

University of Pennsylvania, School of Engineering and Applied Science  
Philadelphia, PA  
Bachelor of Applied Science, 1989

Business Experience

Managing Member  
Spivak Asset Management, LLC  
Avon, CT  
May 1996 – Present

Unemployed, 2/96 – 5/96  
Organizing Spivak Asset Management, LLC

Portfolio Manager  
Hedge Fund  
Ballentine Capital Management  
Avon, CT  
6/92 – 2/96

Analyst/Trader  
Hedge Fund  
George Weiss Associates  
Hartford, CT  
9/89 – 6/92

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None