

# Delessert Financial Services, Inc.

## **Brochure**

(Part 2A for Form ADV)

Contact: Chris Dalto, Chief Compliance Officer  
230 Third Avenue, 5<sup>th</sup> Floor  
Waltham, Massachusetts 02451  
[www.delessertfinancial.com](http://www.delessertfinancial.com)

**Dated: May 17, 2012**

**This brochure provides information about the qualifications and business practices of our firm Delessert Financial Services, Inc. (DFS). If you have any questions about the contents of this brochure, please contact us at (781) 547-5589 or email us at [Delessertadmin@Delessertfinancial.com](mailto:Delessertadmin@Delessertfinancial.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 our firm also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References to our firm as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Material Changes**

We will update this Material Changes section annually if our firm has had any material changes since the previous Brochure release.

There have been no material changes to the firm since our last update.

Whenever you would like to receive a complete copy of our Brochure, please contact us by telephone at: (781) 547-5589 or e-mail at [Delessertadmin@Delessertfinancial.com](mailto:Delessertadmin@Delessertfinancial.com).

# Table of Contents

Topic	Page #
<b>Item 1:</b> Cover Page .....	1
<b>Item 2:</b> Material Changes .....	2
<b>Item 3:</b> Table of Contents (this page).....	3
<b>Item 4:</b> Investment Advisory Business.....	3
<b>Item 5:</b> Fees & Compensation .....	5
<b>Item 6:</b> Performance-based Fees & Side by Side Management .....	7
<b>Item 7:</b> Types of Clients .....	7
<b>Item 8:</b> Methods of Analysis, Investment Strategies and Risk of Loss.....	7
<b>Item 9:</b> Disciplinary Information.....	8
<b>Item 10:</b> Other Financial Industry Activities and Affiliations .....	9
<b>Item 11:</b> Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	9
<b>Item 12:</b> Brokerage Practices .....	10
<b>Item 13:</b> Review of Accounts .....	10
<b>Item 14:</b> Client Referrals and Other Compensation .....	11
<b>Item 15:</b> Custody .....	11
<b>Item 16:</b> Investment Discretion .....	11
<b>Item 17:</b> Voting Client Securities.....	12
<b>Item 18:</b> Financial Information.....	12

## Advisory Business

Our firm, Delessert Financial Services, Inc. (DFS) is an SEC registered investment adviser that has been in business since 1994. We provide investment advice to clients through comprehensive and integrated financial planning and as well as other investment advisory services. As a fee-only advisory firm, we do not sell any products, nor do we accept commissions or referral fees. We feel objectivity in investment consulting, financial planning and wealth management is paramount and that our fee-only structure helps ensure that your goals are also our goals. Our team serves you best over the long-term, orchestrating and implementing an entire financial strategy to help meet your particular set of needs and goals.

### Comprehensive and Integrated Financial Planning

We provide these services based upon a variety of factors such as your goals and objectives, sources of income, insurance and estate needs, asset distribution and risk tolerance. After meeting with you and reviewing your existing documents and information, you will enter an agreement with us to develop a plan for your goals and objectives. The plan may include an analysis of your current assets, risk management, financial independence, retirement planning, estate planning, asset allocation and diversification. We often include investment

recommendations in the plan as part of a long-term asset allocation study and analysis designed to provide a steady return within your risk parameters.

The primary ways for us to implement the comprehensive and integrated financial planning services for you are to (1) monitor your assets and investments on an ongoing basis; (2) recommend mutual funds or other investments to you; and/or (3) conduct a search for third-party money managers to manage your assets.

We provide investment advisory services specific to your investment needs by ascertaining your investment objective prior to providing investment advisory services. You may, at anytime, impose reasonable restrictions, in writing, on our services.

Our approach focuses on personal, attentive, interactive relationships with you and your family that grow from the intimate conversations about your goals, priorities and realities. We feel trust from these types of relationships allows us to organize, clarify and simplify your financial affairs, including retirement planning, education funding, risk management and tax planning. Our team seeks to become part of your other team of advisors, confidants and supporters, and to also position ourselves to guide you on comprehensive wealth management through charitable giving strategies, accounting and estate planning.

Reaching your unique goals is the focus of a tailored investment plan for you. To meet this goal, our team will perform extensive research in order to recommend the most appropriate investment strategies for you. Our commitment to fee-only services and an open architecture platform allows us to objectively find the best funds and money managers for you. In providing tailored investment advice for you, we consider:

- a long term investment horizon
- diversification of funds among different asset classes and investment styles
- rigorous fund manager selection as opposed to industry trend analysis
- periodic portfolio rebalancing
- calculation of performance on total portfolio inclusive of cash and bonds if applicable
- close monitoring of each fund and manager
- management of tax gains or losses

The goal is a customized asset allocation integrating your objectives while providing a competitive return.

The investments we may recommend include short-term cash instruments, mutual funds, money managers, limited partnerships, real estate investment trusts (often known as REITs), government securities, corporate/municipal debt (bonds) and equity securities (stocks). We also may offer advice on alternative investments such as hedge funds and private equity. Our comprehensive financial planning and consulting services may also include advice and counseling on non-securities products and services.

### Other Investment Advisory Services

We may also manage certain client accounts through various clearing firms and custodians, such as Charles Schwab Financial Advisors Services (Schwab), Fidelity Investment Advisor Group (Fidelity) and National Trust Advisors Company (NATCo), using mutual funds or individual equities offered through such custodians. You will enter into a separate agreement with the applicable custodian setting forth terms, conditions and fees as applicable for that arrangement. You generally sign a limited power of attorney form authorizing us to have discretionary trading authority over your accounts in connection with these custodians. Discretionary authority means we have the ability to determine, without obtaining prior consent, which securities to buy or sell for your account as well as the amount of the securities to buy or sell. Though we may have this authority, our general policy is to only execute trades and confer instructions to your account custodian with your consent.

In certain circumstances, we may also consult on or manage on a discretionary basis investment portfolios of clients held in trust and in custody by a bank. We primarily use mutual funds in managing these accounts.

For certain clients such as institutional accounts, trusts, retirement plans and individual clients seeking only investment consulting and portfolio monitoring services, we perform third-party money manager searches and consulting on mutual funds independently of the comprehensive and integrated financial plan described above. Upon request, we will evaluate portfolios, and offer specific recommendations about investment strategy, asset allocation, and diversification.

We are owned by National Financial Partners, Corp. (NFP), a publicly traded company, which also owns other registered investment advisers, broker-dealers, insurance agencies and other product and service providers (NFP Affiliates). We currently have no relationships with any NFP Affiliates and will gladly fulfill any request for a list of the other affiliated firms. To the extent we were to ever do business with any NFP Affiliates, a conflict of interest would exist, whether we received compensation or not from such relationship since it could result in increased compensation to an NFP Affiliate or our firm. We will update our disclosures of these conflicts in the event we ever enter into a material relationship with an NFP Affiliate.

**You must promptly notify us if there is ever any change in your financial situation or investment objectives since it make cause us to review, evaluate, or revise our previous recommendations and services.**

As of December 31, 2011, we managed approximately \$\_\_\_\_\_ in assets for approximately \_\_\_\_\_ clients. Approximately \$\_\_\_\_\_ is managed on a discretionary basis, and \$\_\_\_\_\_ is managed on a non-discretionary basis.

## **Fees and Compensation**

We work with our clients to monitor events that might affect their strategy and update them on their portfolio's performance. Our fee is an all-inclusive fee which covers both financial planning and investment services. We generally charge asset-based fees for our services, though we may

charge retainer and hourly fees. We calculate asset-based fees twice a year in December and June. Fees are paid on a quarterly basis. We calculate asset-based fees upon your total amount of investable assets, which includes IRAs, 401(k) plans, stock options, etc. Our asset-based calculation schedule is set forth below with breakpoints applying to the first dollar amount:

<u>Assets</u>	<u>Fees</u>
Up to \$3,000,000	1.00%
Up to \$5,000,000	0.80%
Up to \$7,500,000	0.70%
Up to \$10,000,000	0.60%
Up to \$15,000,000	0.55%
Up to \$20,000,000	0.50%
Up to \$30,000,000	0.48%
(Negotiable thereafter)	

We will adjust our fees for any substantial decreases or increases in assets during the relevant billing period. We deduct our fees, at the beginning of the applicable period, from your designated account or investments unless we have agreed to another payment arrangement. Should you terminate your arrangement with us, we will return any unearned fees from the date of termination. If you terminate our relationship within the first quarter of the engagement, you will still be charged a non refundable fee of \$5,000. With some exceptions, there is a minimum total asset size of \$2,000,000 investable assets. In some situations, we will accept a client with a minimum combined income of \$400,000, subject to a minimum of \$15,000. We may reduce or waive our fees from time to time in our discretion.

We base our fees on the level and scope of the services we provide you and consider other factors such as your specific financial situation and goals and objectives. You generally will enter into a written agreement with us setting forth the terms and conditions of the engagement (including termination), describing the scope of the services we will provide, and indicating when fees are due.

Fees are negotiable and your fees may vary slightly from the above schedule given your individual circumstances such as, but not limited to, ongoing financial planning issues, size of the account, involvement of other third party money-managers and the number of report we generate. Our fees are separate from and in addition to the fees and expenses of mutual funds, REITs, partnerships, hedge funds or third party money-managers we recommend to you. The fees of such investments or third party money managers are set forth in the prospectus, offering document or money manager client agreement, as applicable.

Upon request, we evaluate portfolios, and offer specific recommendations about investment strategy, asset allocation, and diversification separate from our comprehensive and integrated financial planning described above. We charge a flat fee retainer for this service and typically require payment of half of the estimated amount before performing these services. We may also provide our comprehensive and integrated financial planning analysis at an agreed upon flat rate depending on the scope of the engagement. Our hourly rate for investment counseling is \$360/hr.

From time to time we may recommend “No Transaction Fee” funds through Schwab or Fidelity. You should be aware that in order to be considered a No Transaction Fee fund, mutual fund companies will pay money to Schwab or Fidelity which in turn may increase the annual fund expenses you pay for these “No Transaction Fee” funds. We do not receive any compensation that Schwab or Fidelity receives from a mutual fund company.

Unless you direct us otherwise or have unique individual circumstances, we will generally recommend that Schwab, Fidelity or NATCo serve as the broker-dealer or custodian for your investment management assets. Broker-dealers such as Schwab and Fidelity charge brokerage commissions and/or transaction fees for effecting certain securities transactions. Usually transaction fees correspond to investments like no-load mutual funds and commissions relate to individual equity and fixed income securities transactions. Mutual funds and exchange traded fund impose their own management fees and other fund related expenses which you will also bear in addition to our fees and brokerage commissions and/or transaction fees.

## **Performance-Based Fees & Side-by-Side Management**

We do not charge performance-based fees.

## **Types of Clients**

Our clients shall generally include individuals, high net worth individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. We generally require a minimum asset level of \$ 2,000,000 in investible assets, which includes IRAs, 401(k) plans, stock options, etc., for our services though we may reduce or waive our minimum asset level if you meet certain criteria. Such criteria includes anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition or other negotiated terms between us.

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

Our main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. We also rely on third-party data and analysis providers for both printed and online reports and analysis. Such providers include Morningstar, Yahoo Finance, Frontier Analytics, and Mobius.

Your investment strategy is based upon the objectives you state to us during consultations.

You should be aware that different types of investments and strategies involve differing degrees of risk. You should not assume that future performance of any of your specific investments or investment strategy, including those we recommend, will be profitable or equal any specific

performance levels. Any investment or investment strategy involves some risk of loss you should be prepared to bear. Examples of risk you could face are:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, market values of bonds decline when interest rates rise because the rising rate makes the existing bond yields less attractive.
- *Market Risk:* External factors independent of a security's particular underlying circumstances may impact its price. The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions such as a political or social event or an economic condition.
- *Inflation Risk:* Inflation means a dollar today will not buy as much as a dollar next year. When any type of inflation is present your purchasing power decreases 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. Also known as exchange rate risk, these risks may be present in international mutual funds for example.
- *Reinvestment Risk:* The risk that future proceeds from investments may be reinvested at a potentially lower rate of return is reinvestment risk. This risk primarily relates to fixed income securities.
- *Business Risk:* Risks associated with a particular industry or a specific company may impact the value of investments. For example, oil-drilling companies have more business risk than electric companies since they depend on finding oil and then refining it efficiently before they may generate a profit. An electric company generates steady income customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity means the ability to readily convert an investment into cash. Assets with a lot of interest from purchasers are generally more liquid. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* A company with excessive borrowing to finance a business' operations increases the risk of profitability they may be unable to meet loan obligations during periods of financial stress.

Our methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. We rely upon current and new market information to help perform accurate market analysis for you, but we have no control over how quickly or how often that market information is communicated. As a result, our analysis may incorporate outdated market information resulting in us providing a limited analysis to you. You should also remember that any market analysis can only produce a forecast of the direction of market values. There are no assurances or guarantees that any forecast will materialize and present profitable investment opportunities.

## **Disciplinary Information**

Our firm has not been the subject of any disciplinary actions.



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

DFS is under common control with Montis Financial (“Montis”), an investment adviser registered with the SEC. The Chief Compliance Officer of DFS, Christopher Dalto, is the majority owner of both DFS and Montis. Montis will take over the advisory business of DFS and DFS intends to close its operations. Clients of DFS will be able to enter into contracts to receive similar advisory services from Montis. The firm has not identified any material conflicts of interest with this arrangement.

The chairperson of our firm, Christiane Delessert, is a shareholder in a savings and loan holding company, National Advisors Holding, Inc., which formed a federally chartered trust company, National Advisors Trust Company (NATCo). NATCo provides a low-cost alternative to traditional trust service providers and our firm may refer clients to NATCo for trust services if it is in the best financial interest of the client. No client is required to use NATCo. Any referral of clients to NATCo may be deemed to create a conflict of interest since it could result in an indirect increased economic benefit to principals of our firm. However, referrals to NATCo are not considered a material part of our business.

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

We maintain a written code of ethics, in accordance with the Advisers Act, that is intended to create an ethical culture for our firm. Our code of ethics requires our employees to comply with federal securities laws, safeguard material non-public information about client transactions and to report their personal securities holdings. Our code sets forth standards of business conduct required from our employees when dealing with our clients. Employees are required to treat sensitive information with confidentiality and are forbidden to misuse any such information. We will provide a copy of our code of ethics upon request.

We typically do not recommend clients purchase securities that our firm or employees have a material financial interest in. Some of our personnel may own shares of our publicly traded parent company, National Financial Partners Corp. (NFP) which could also be purchased or sold for one of our clients. In no event will we recommend or cause you to enter into transactions for the purpose of benefiting the direct or indirect securities holdings of our personnel.

We and our representatives may buy or sell securities we recommend to you. Our employees may invest their own funds in mutual funds, variable annuities, individual issues, private placements and other similar vehicles which we may also recommend to you. Such investments will be made independently of your investments and will be based upon our employees own circumstances. However, returns of our employees’ investments could be higher or lower than your returns given the differences in circumstances. This practice could create a conflict of interest since we and our employees are in a position to materially benefit from the sale or purchase of those securities. Abusive practices, such as “scalping” and “front-running,” could take place if we did not have adequate policies and procedures in place to detect such activities.

Scalping is selling a security for a profit immediately after a recommendation to purchase that security. Front-running is trading personal accounts prior to trading client accounts. We address these issues with our code of ethics and written compliance manual for the firm. Our employees must provide their personal securities holdings to the Chief Compliance Officer which helps address this conflict.

## **Brokerage Practices**

We may suggest brokers to client based upon one or more of the following factors: past performance, technical abilities, commission or margin rates and investment options offered.

Though we always seek to obtain best execution for you and competitive rates for account transactions, you should be aware you may pay higher a commission and transaction charges than what other qualified broker-dealers charge. In seeking best execution, we examine whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. We do consider the costs of a transaction though the determining factor is not the lowest possible cost. The transaction related fees that you pay are separate from and in addition to the fees you pay us for investment advisory services. When purchasing mutual funds for your accounts, our best execution responsibility is qualified because the purchase price is determined by net asset value of the fund as of the daily market close.

We do not receive referrals from broker-dealers nor do we receive research or other products or services other than execution from a broker-dealer or custodian in connection with executing trades for you (sometimes known as soft dollars).

We generally do not accept directed brokerage arrangements, where you require we effect your account transactions through a specific broker-dealer or custodian. In these arrangements, you must negotiate terms and arrangements for your account with that broker-dealer. We will not seek better execution services or prices from other broker-dealers or be able to “batch” your transactions with orders for other client accounts we manage. As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for your account. In directing brokerage, you acknowledge it may cause your accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the transactions been made through alternative clearing arrangements available to us.

We may, but need not, aggregate or “bunch” orders for your account. Where we believe aggregation is appropriate and practicable or that it will result in a more favorable overall execution for you, we will allocate such bunched orders at the average price of the aggregated order. We will not receive any additional compensation or remuneration as a result of such aggregation.

## **Review of Accounts**

We periodically review and monitor the performance of your plan compared to any relevant and applicable indices, benchmarks and other similar money managers. Your initial plan, subsequent

changes of your circumstances, goals and objectives you communicated to us and new investment opportunities guide the review. We rely upon data provided by third-party sources and services for any analysis and comparison of a money-manager's performance.

You will receive both written and oral reports on a periodic basis as we agree upon. Reports include a performance evaluation of your individual investments, asset classes and the overall account. Reports also review and compare your current asset allocation to the targeted asset allocation resulting from the investment analysis and study. Reports may also include schedules of income received, realized and unrealized capital gains and losses, current market valuation and the time-weighted rate of return of your portfolio compared to relevant security market indices.

We also create a report binder outlining your entire portfolio, holdings, overall performance, quantitative analytics, and tax data. We generally provide you the binder at least quarterly, but in no less frequently than twice a year. To give a true picture of your gains, we show performance net of all fees, inclusive of cash holdings and then compare the figures to the appropriate target benchmark. We also are available to meet with you quarterly to review your portfolio and update the plan based on the newest information and factors affecting your life.

Other conditions may trigger a review your account such as changes in the tax laws, new investment information and changes in your financial situation. In addition, we may perform account reviews more frequently when market conditions dictate.

## **Client Referrals and Other Compensation**

We have been fortunate to receive many client referrals over the years from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other sources. We do not compensate referring parties for these referrals nor do not accept referral fees or any form of remuneration from other professionals if we refer a prospect or client to them.

## **Custody**

We and our representatives do not hold or maintain your assets. Third-party qualified custodians hold and maintain your assets and those custodians provide account statements directly to you at your address of record at least quarterly. We urge you to compare the account statements you receive from your account custodian with any performance report or statements we or our service providers may create for you.

## **Investment Discretion**

You can engage us to provide investment advisory services on a discretionary basis. Discretionary trading authority means placing a trade in your account without your prior approval. You will execute an agreement with us granting us discretionary trading authority to buy, sell, or otherwise effect investment transactions involving the assets in your account.

Though we may have this authority, our general policy is to only execute trades and confer instructions to your account custodian with your consent.

You may, at anytime, impose restrictions, in writing, on our discretionary authority. For example, you can limit the types and amounts of particular securities we purchase for your account.

## **Voting Client Securities**

We do not vote client proxies. You maintain exclusive responsibility for: (1) directing and voting the proxies solicited by issuers of securities you own, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to investments in your accounts. You will receive proxies or other solicitations directly from your account custodian. You may contact us to discuss any questions you may have with a particular solicitation.

## **Financial Information**

We do not solicit fees of more than \$1,200, per client, six months or more in advance. We do not have any financial condition likely to impair us from meeting our contractual commitments to you. We have not been the subject of a bankruptcy petition.