

# Disclosure Brochure

March 01, 2012

## **Allodium Investment Consultants, LLC**

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This brochure provides information about the qualifications and business practices of Allodium Investment Consultants, LLC (hereinafter "Allodium"). If you have any questions about the contents of this brochure, please contact David Bromelkamp at (612) 230-3700. 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 Allodium Investment Consultants, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Allodium Investment Consultants, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This Item discusses only the material changes that have occurred since Allodium's last annual update dated March 22, 2011. Allodium does not have any material changes to disclose in this Item.

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### Supervised Person Brochure Supplements

## Item 4. Advisory Business

Allodium is an investment adviser providing financial planning, consulting, and investment management services. Prior to engaging Allodium to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Allodium setting forth the terms and conditions under which Allodium renders its services (collectively the “*Agreement*”). Neither Allodium nor the client may assign the *Agreement* without the consent of the other party. A transaction that does not result in a change of actual control or management of Allodium is not considered an assignment.

Allodium has been in business since August 2005. David Bromelkamp is the principal owner of Allodium.

Allodium has \$140,104,868 of discretionary assets under management as of December 31, 2011.

This disclosure brochure describes the business of Allodium. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Allodium’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Allodium’s behalf and is subject to Allodium’s supervision or control.

### Financial Planning and Consulting Services

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Allodium may provide its clients with a broad range of comprehensive financial planning and consulting services (which may include tax-related and other non-investment related matters). As part of Allodium’s ongoing investment management services for individuals and families, Allodium performs a comprehensive initial and annual review of each client’s financial situation to provide recommendations in the following key financial planning areas: i) financial position, ii) risk and insurance, iii) tax planning, iv) accumulation goals for home, business, education, etc., v) retirement planning, and vi) estate planning. In addition, Allodium also offers one-time comprehensive financial planning services covering the key areas listed above for a fee as described in Item 5, below.

In performing its services, Allodium is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Allodium may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Allodium recommends its own services. The client is under no obligation to act upon any of the recommendations made by Allodium under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Allodium itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Allodium’s recommendations. Clients are advised that it remains their responsibility to promptly notify Allodium if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Allodium’s previous recommendations and/or services.

## Investment Management Services

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Clients can engage Allodium to manage all or a portion of their assets on a discretionary basis. As discussed above, Allodium may provide clients with financial planning services as part of its investment management services.

Allodium primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds and exchange-traded funds ("ETFs"), in accordance with the investment objectives of the client. Allodium also provides advice about any type of investment held in clients' portfolios.

Allodium also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Allodium either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Allodium tailors its advisory services to the individual needs of clients. Allodium consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Allodium ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Allodium if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Allodium's management services.

## Use of Independent Managers

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As mentioned above, Allodium recommends that clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Allodium or the client and the designated *Independent Managers*. Allodium renders services to the client relative to the discretionary selection of *Independent Managers*. Allodium also monitors and reviews the account performance and the client's investment objectives. With respect to any assets placed with *Independent Managers*, Allodium's annual advisory fee is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, Allodium reviews information about the *Independent Manager* such as its disclosure statement and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past

performance and risk results to the extent available. Factors that Allodium considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Allodium's investment advisory fee set forth below. As discussed below, the client may incur additional fees than those charged by Allodium, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to Allodium's written disclosure statement, the client also receives the written disclosure statement of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Allodium. In such instances, Allodium may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

### Additions and Withdrawals to Accounts

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Clients may make additions to and withdrawals from their account at any time, subject to Allodium's right to terminate an account. Clients may withdraw account assets on notice to Allodium, subject to the usual and customary securities settlement procedures. However, Allodium designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

## Item 5. Fees and Compensation

Allodium offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

### Financial Planning and Consulting Fees

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Allodium may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$5,000 to \$50,000 on a fixed fee basis and/or from \$200 to \$500 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages Allodium for additional investment advisory services, Allodium may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Allodium to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Allodium setting forth the terms and conditions of the engagement. Generally, Allodium requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

# Allodium Investment Consultants, LLC Disclosure Brochure

## Investment Management Fee

Allodium provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Allodium. Allodium's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Allodium does not, however, receive any portion of these commissions, fees, and costs. Allodium's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Allodium on the last day of the previous quarter. The annual fee varies (between 0.05% and 1.00%) depending upon the market value of the assets under management as follows:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$5,000,000 (subject to \$2,500 minimum quarterly fee)	1.00%
Next \$5,000,000	0.75%
Next \$5,000,000	0.50%
Next \$5,000,000	0.25%
Next \$5,000,000	0.15%
Next \$5,000,000	0.10%
above \$30,000,000	0.05%

Allodium, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

## Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Allodium generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

Allodium may only implement its investment management recommendations after the client has arranged for and furnished Allodium with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, any other broker-dealer recommended by Allodium, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined above), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities

transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Allodium's fee.

Allodium's *Agreement* and the separate agreement with any *Financial Institutions* authorize Allodium or *Independent Managers* to debit the client's account for the amount of Allodium's fee and to directly remit that management fee to Allodium or the *Independent Managers*. Any *Financial Institutions* recommended by Allodium have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Allodium.

### **Fees for Management During Partial Quarters of Service**

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For the initial period of investment management services, the fees shall be calculated on a *pro rata* basis.

The *Agreement* between Allodium and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Allodium's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that Allodium reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Allodium may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Allodium does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7. Types of Clients**

Allodium provides its services to individuals, foundations, endowments, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Fee**

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As a condition for starting and maintaining a relationship, Allodium generally imposes a minimum quarterly fee of \$2,500. This minimum fee may have the effect of making Allodium's service impractical



for certain clients, particularly those with portfolios with less than \$1,000,000 under Allodium's management. Allodium, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Allodium. In such instances, Allodium may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

#### Methods of Analysis and Investment Strategies

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Allodium assists clients with long-term investment plans that are guided by documented client goals, constraints and risk profiles. To this end, Allodium makes initial investment recommendations only after thoroughly analyzing each new client's risk tolerance, goals and financial situation. Once Allodium has established an appropriate investment portfolio for a new client based on these guiding factors, Allodium then meets with each client at least annually to review any changes to their situation that may require adjustments to their investment portfolio.

To manage investment risk, Allodium uses a range of strategic asset allocation models that are appropriate for various investor time horizons, risk profiles and investment objectives. Allodium uses these models as a starting point to develop asset allocation strategies that are tailored to the unique needs of each client.

To widely diversify investments, Allodium uses asset allocation models that employ multiple asset classes, and typically recommends only well-diversified mutual funds, exchange-traded funds, *Independent Managers* and appropriate alternative investments as investment options within these asset classes.

To optimize investment performance, Allodium pursues the following three strategies:

- 1) Allodium seeks to select sound and well-performing investment managers (i.e., mutual funds, exchange-traded funds, etc.) in each asset class. To this end, Allodium uses a disciplined investment review process that employs externally-purchased investment screening methodologies and tools to assess investment managers on both quantitative and qualitative factors. Some examples of screening criteria used include: i) level of regulatory oversight, ii) historical investment performance relative to appropriate benchmarks and peer group, iii) size of fund in terms of total assets managed., iv) stability of the organization, v) investing style and history relative to asset class and stated investment objectives, vi) expense ratio and/or fees relative to peer group, and vii) Investment manager tenure.

Once Allodium selects investment managers to recommend to clients, it monitors performance of these managers at least quarterly to ensure they continue to perform satisfactorily relative to the original qualitative and quantitative screens used to initially select them.

2) Allodium periodically rebalances client portfolios back to their target asset allocation to methodically capture gains in well-performing asset classes and take advantage of depressed values in assets classes that may be temporarily out of favor.

3) Allodium monitors each client's overall investment performance at least quarterly by employing an external vendor to produce comprehensive performance reports showing each client's entire investment portfolio so that appropriate adjustments can be made, as needed.

Allodium does not attempt to actively time investment purchases or sales (i.e., market timing) as a method to boost investment performance.

### Risks

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#### *Mutual Fund and ETF Risks*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual funds and ETFs are subject to secondary market trading risks. Shares of mutual funds and ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that a mutual funds' and ETFs' exchange listing or ability to trade its shares will continue or remain unchanged. Shares of the mutual fund or ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price that an investor would buy or sell the mutual fund or ETF at. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the mutual fund's or ETF's holdings. The trading prices of a mutual fund's or ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's or ETF's shares trading at a premium or discount to NAV.

#### *Market Risks*

The profitability of a significant portion of Allodium's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Allodium will be able to predict those price movements accurately.

#### *Use of Independent Managers*

Allodium may recommend the use of *Independent Managers* for certain clients. Allodium will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Allodium does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

## *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary Information**

Allodium is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Allodium does not have any required disclosures to this Item.

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

Allodium is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Allodium has disclosed any such relationship or arrangement below.

### **Fees from Independent Managers**

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As discussed above, Allodium recommends that clients authorize the active discretionary management of a portion of their assets by and/or among certain *Independent Managers*.

## **Item 11. Code of Ethics**

Allodium and persons associated with Allodium ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Allodium's policies and procedures.

Allodium has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Allodium or any of its associated persons. The *Code of Ethics* also requires that certain of Allodium's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Allodium's *Code of Ethics*, none of Allodium's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Allodium's clients.

When Allodium is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision

has been made not to purchase such security. Similarly, when Allodium is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Allodium to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

As discussed above, in Item 5, Allodium generally recommends that clients utilize the brokerage and clearing services of *Schwab*.

Factors which Allodium considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* enables Allodium to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Allodium's clients comply with Allodium's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Allodium determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Allodium seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Allodium periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Allodium in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Allodium will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Allodium (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less

favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Allodium may decline a client's request to direct brokerage if, in Allodium's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Allodium decides to purchase or sell the same securities for several clients at approximately the same time. Allodium may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Allodium's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Allodium's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Allodium determines to aggregate client orders for the purchase or sale of securities, including securities in which Allodium's *Supervised Persons* may invest, Allodium shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Allodium shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Allodium determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Allodium may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Allodium in its investment decision-making process. Such research generally will be used to service all of Allodium's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Allodium does not have to produce or pay for the products or services.

## Software and Support Provided by Financial Institutions

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Allodium may receive from *Schwab*, without cost to Allodium, computer software and related systems support which allow Allodium to better monitor client accounts maintained at *Schwab*. Allodium may receive the software and related support without cost, because Allodium renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit Allodium, but not its clients directly. In fulfilling its duties to its clients, Allodium endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Allodium's receipt of economic benefits from a broker-dealer creates a conflict of interest, since these benefits may influence Allodium's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Allodium may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## Item 13. Review of Accounts

For those clients to whom Allodium provides investment management services, Allodium monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Allodium provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Allodium's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Allodium and to keep Allodium informed of any changes thereto. Allodium shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Those clients to whom Allodium provides financial planning and/or consulting services will receive reports from Allodium summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Allodium.

### Item 14. Client Referrals and Other Compensation

Allodium is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Allodium is required to disclose any direct or indirect compensation that it provides for client referrals. Allodium does not have any required disclosures to this Item.

### Item 15. Custody

Allodium's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Allodium through such *Financial Institution* to debit the client's account for the amount of Allodium's fee and to directly remit that management fee to Allodium in accordance with applicable custody rules.

The *Financial Institutions* recommended by Allodium have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Allodium. Clients should carefully review the statements sent directly by the *Financial Institutions*.

### Item 16. Investment Discretion

Allodium is given the authority to exercise discretion on behalf of clients. Allodium is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Allodium is given this authority through a power-of-attorney included in the agreement between Allodium and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Allodium takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

### Item 17. Voting Client Securities

Allodium is required to disclose if it accepts authority to vote client securities. Allodium does not vote client securities on behalf of its clients.

### **Item 18. Financial Information**

Allodium does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Allodium is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Allodium has no disclosures pursuant to this Item.



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Prepared by:



**MARKETCOUNSEL®**  
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