

### **Client Referrals and Other Compensation**

BRAM has agreements with Parenteau Associates for the solicitation of institutional clients. Parenteau solicits clients on BRAM's behalf in exchange for a percentage of the management fee that BRAM receives once the solicited institutions become BRAM clients.

### **Custody**

BRAM is considered to have custody over certain client assets solely because we are able to deduct client fees from those accounts. BRAM does not have any other type of custody over client assets. However, clients will receive monthly statements from their primary custodian in addition to quarterly statements from BRAM and are urged to compare and review these statements.

### **Investment Discretion**

Following the execution of a limited power of attorney and signing of BRAM's Agreement for Investment Advisory Services, BRAM will accept discretion over a client's account with regard to trading and fee payments. Clients may place as many restrictions over this discretion as they wish – subject to agreement with BRAM prior to BRAM's obtaining discretionary authority – or may give BRAM full trading and fee payment authority.

### **Voting Client Securities**

BRAM does not currently vote proxies on behalf of its clients but may make recommendations to clients from time to time on how to vote if the client requests. Proxy voting materials are typically sent to the client by the primary custodian or the transfer agent for the securities, not by BRAM. The custodian or transfer agent will sometimes copy BRAM on these materials, but does not typically do so. If clients have questions about these documents, they may contact BRAM by phone at (512) 236-0071.

### **Supplemental Information**

None.

*B. Aggregation of Trades:*

BRAM will typically purchase or sell securities across client accounts in an aggregated transaction, also known as a block trade. Each client that participates in the order must do so at the average price for all transactions, must share transaction costs on a pro rata basis based on participation in the transaction, and will be charged the applicable commission rate, if any. If the order cannot be executed in full in a single day, the securities actually purchased or sold by the close of each business day are allocated pro rata to each participating account. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the trade. BRAM's best execution policy applies for all transactions, blocked or single. Transactions for any client's account will not be aggregated for execution if the practice is prohibited by, or inconsistent with that client's arrangement with BRAM, or with BRAM's order allocation policy.

**Review of Accounts**

- A. *Frequency of Review:* Securities are reviewed daily. Accounts are generally reviewed quarterly, or in some cases more often.
- B. *Level of Review:* The level of such review is determined by client need, market conditions, and BRAM's discretion.
- C. *Factors which Trigger a Review:* Various factors trigger an account review, including but not limited to preparation of quarterly performance, client communication, and financial and/or market conditions.
- D. *Reviewers:* Accounts are reviewed by Stephen K. Levy, Jr., President, Chief Compliance Officer, and Chief Investment Officer and/or Christina Borger, Managing Director and Assistant Chief Investment Officer. All reviewers analyze the account for accuracy, completeness and suitability.
- E. *Nature:* BRAM sends quarterly reports to clients that contain asset allocation details, portfolio holdings and balances and fee withdrawal amounts, if any. In addition, monthly statements are furnished by the custodian which include all transactions taking place during the month and balances.

## *B. Participation or Interest in Client Transactions*

BRAM related persons may buy or sell securities for themselves that they also recommend to clients. Typically, BRAM will make block trades for all accounts in which both client assets and BRAM related person assets are traded together and receive the same purchase or sale price. However, no security may be bought or sold by a principal, employee, or immediate family member of an employee of BRAM before BRAM clients' accounts have had the opportunity to make such transactions as appropriate. All BRAM principal and employee trades will be reviewed by the compliance officer.

To prevent conflicts of interest, all employees of BRAM must comply with the firm's Code of Ethics and Policies and Procedures which impose restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. BRAM will also maintain quarterly reports on all personal securities transactions, except transactions in investment company securities and/or other exempt transactions.

Notwithstanding the above, BRAM, and/or their officers, directors or employees may purchase for themselves similar or different securities as are purchased or recommended for investment advisory clients of BRAM. In addition, different securities or transactions may be affected or recommended for different investment advisory clients of BRAM.

## **Brokerage Practices**

### *A. Broker-Dealer Arrangements:*

#### *1. Research and other Soft Dollar Benefits:*

BRAM does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions

#### *2. Brokerage for Client Referrals:*

Neither BRAM nor BRAM related persons receives client referrals from a broker-dealer or broker-dealer related third party.

#### *3. Directed Brokerage:*

BRAM does not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer. However, as BRAM is a small firm, most of its clients are located at the same custodian and brokerage transactions are executed through that custodian for the sake of convenience to both the client and BRAM.

Tactical asset allocation strategies consist of allocations of certain percentages to stocks, bonds, and occasionally other securities such as commodities. Allocations are based on the individual client's needs and the portfolio manager's belief about prevailing market conditions. Clients may set their own asset allocation if they choose to do so.

Securities selected for asset allocation strategies are exchange traded funds and/or mutual funds, depending on the clients asset size and preference. As with the small and large cap value portfolios, the value of these securities may fluctuate. Exchange traded funds and mutual funds are essentially baskets of securities and the value of those securities will change.

It is BRAM's goal that the value of all its portfolios will increase over time, but this is not guaranteed and losses may be incurred which the client must be prepared to bear.

BRAM attempts to select mutual funds and exchange traded funds with low or no commissions whenever possible. However, all equity trades and some mutual fund and exchange traded fund trades bear a commission charged by the executing broker. The client should be aware that more heavily traded accounts, whether due to client or to BRAM initiated trades, are likely to bear higher commissions. In addition, trading and receipt of dividends, interest payments, and capital gains distributions within taxable accounts may cause the client to incur a tax liability despite the fact that the client has not withdrawn funds from the account.

### **Disciplinary Information**

Neither BRAM nor any of its supervisory persons has been subject to disciplinary action from any regulatory agency, or any civil or criminal court.

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

Not applicable.

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

#### *A. Code of Ethics*

BRAM has adopted the Code of Ethics promoted by the CFA Institute. A copy of the Code of Ethics is available to any client or prospective client upon request.

Neither BRAM nor any of its supervised persons accepts compensation for the sale of securities or other investment products. In addition, neither BRAM nor any of its supervised persons accepts performance-based compensation.

### **Types of Clients**

#### *A. Types of Clients:*

BRAMs clients consist primarily of individual persons, but also includes some businesses, retirement plans, and wrap-fee program sponsors.

#### *B. Requirements for Opening or Maintaining an Account:*

All accounts or account relationships are subject to minimum initial balances. BRAM will typically not accept clients whose total assets at BRAM would be less than \$100,000. However, BRAM will sometimes accept lower account values on a case-by-case basis and for an increased fee. BRAM also imposes a minimum annual per client fee unless an alternative arrangement is negotiated.

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

BRAM manages small and large cap value equity portfolios for its clients as well as tactical asset allocation strategies that consist of mutual funds and/or exchange traded funds of various types.

The small and large cap value portfolios are managed with value-oriented strategies that look for pricing inefficiencies in out-of-favor companies or companies with little or no Wall Street coverage. Stocks are screened using quantitative metrics including cash flow, price/sales, relative price/earnings, and debt to capital.

Although BRAM believes strongly in these methods, they are not guaranteed to be profitable and investment value may fluctuate. Due to market conditions, the portfolio may decline in value causing a loss of principal.

The primary risk factor associated with the small and large cap value portfolios is common factor risk, with the common factor being market capitalization. During periods of time when small or large cap stocks as a whole are not performing well, BRAM may have a harder time finding companies that will outperform.

BRAM has several guidelines and risk control factors in place to mitigate other common factor risks and systematic risk: limiting industry exposure to 25% and sector exposure to 35% helps to mitigate correlations within the portfolio; individual positions are typically trimmed before reaching 5%, but must be trimmed upon reaching 7%.

\$501,000 - \$1,000,000 is 1.00%  
\$1,000,000 - \$2,000,000 mil is 0.95%  
\$2,000,000 - \$5,000,000 is 0.90%  
>\$5,000,000 is 0.80%

Clients who engaged BRAM as an investment advisor prior to the establishment of the current minimum fees will be held to the fee schedule in place at the time their contract with BRAM was signed.

When new clients come on at a time other than the beginning of a quarter, fees are assessed based on the part of the month in which the account arrives. Accounts arriving on or before the 15th of the month will be charged for the full month. Accounts arriving after the 15th will not begin to accrue fees until the next month. Fees will then be charged by multiplying the full quarterly amount by 2/3 (for accounts at BRAM during two out of the three months) or by 1/3 (for accounts at BRAM during one out of three months). Accounts that arrive during the first 15 days of a quarter will be charged for the full quarter.

*B. Fee Payment:*

Typically, fees will be withdrawn from the client's account on BRAM's behalf by the client's custodian. However, under certain circumstances, such as when BRAM advises on an account from which fees are not allowed to be withdrawn, the client may be responsible for paying BRAM directly, or for authorizing the custodian of other accounts to withdraw additional fees. Clients may also request to write a check for fees rather than having them withdrawn from their accounts. Fees are assessed quarterly in arrears.

*C. Other Fees:*

BRAM fees do not include custodial charges, which may vary. All custody of assets will be handled by a third party. Those expenses will be charged separately by the custodian. Fees and expenses charged by mutual funds, exchange traded funds, other funds, ADRs, and investment companies in which the account may invest are additional to BRAM management fees. Commission costs for trades will be reflected on the net cost of the security and may vary by custodian.

*D. Timing of Fee Payment:*

Fees are payable and assessed quarterly in arrears. Fees are calculated by multiplying the total quarter-end market value of the account inclusive of stocks, bonds, cash equivalents, mutual funds and all other assets, by the relevant percentage and dividing such product by four (4).

*E. Additional Disclosures:*

## **Advisory Business**

*A. Describe your advisory firm, including how long you have been in business. Identify your principal owners (those persons or entities owning 25% or more):*

BirdRock Asset Management (“BRAM”) began its business in 2006. Its principal owners are Stephen K. Levy, Jr. and Heather Justman.

*B. Types of investment advisory services offered:*

BRAM provides investment advice and both discretionary and nondiscretionary supervisory services. Primary services are equity investment management and asset allocation management. Advisory services are limited to advising clients on equities, options, debt instruments, governmental securities, mutual fund shares and exchange traded funds to provide proper diversification and to meet the client's stated investment objectives; and advising high net worth individuals in the management and valuation of certain business and real estate holdings.

*C. Client Specific Tailoring:*

Clients may request asset allocation tailoring for their specific needs or may set their own asset allocations. Clients may also impose restrictions on investing in certain types of securities and may have a large amount of control or full over the securities selected if they wish.

*D. Wrap-Fee Programs:*

BRAM acts as a portfolio manager in several wrap-fee programs. In these programs, BRAM submits equity allocations to the wrap-fee program sponsor on a regular basis in exchange for a fee based on the total dollar value of assets.

*E. Total Client Assets:*

As of February 28, 2013, BRAM managed \$46,430,424 in discretionary assets and \$69,475,306 in nondiscretionary assets.

## **Fees and Compensation**

*A. Compensation:*

The current fee schedule is as follows:

Up to \$250,000 is 1.25%  
\$251,000 - \$500,000 is 1.15%

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## **Form ADV Part II: Investment Advisor Brochure**

**BirdRock Asset Management**  
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**Austin TX 78733**  
**(512) 236-0071**  
**[www.birdrockam.com](http://www.birdrockam.com)**

**November 15, 2013**

**Summary: All items are essentially unchanged from the previous year's filing with the exception of fees. Fees have been moved from a flat to a tiered structure and decreased for prospective clients meeting certain criteria.**

**This brochure provides information about the qualifications and business practices of BirdRock Asset Management. If you have any questions about the contents of this brochure, please contact us at (512) 236-0071. 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 BirdRock Asset Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**