

**Form ADV Part 2A – Firm Brochure**  
**Item 1 – Cover Page**

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Date of Brochure: March 2013

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This brochure provides information about the qualifications and investment advisory business practices of Asset Dedication, LLC. If you have any questions about the contents of this brochure please contact **Brent Burns** at **(866) 535-0897**. 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 investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for “Asset Dedication, LLC” You can also search using the Firm’s CRD numbers. The CRD number for the Firm is **151988**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual update was filed in March 2012, the ownership of Asset Dedication has changed. Ownership percentages are as follows:

- Brent Burns 39.4%
- Steve Huxley 39.4%
- Jeremy Fletcher 15%
- Dan Yeoman 2.3%

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## Item 4 – Advisory Business

### **Description of Advisory Firm**

Asset Dedication, LLC (Asset Dedication) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Delaware. Headquartered in Mill Valley, California, our Firm is owned and operated by Steve Huxley; Manager, Member and Chief Investment Strategist (39.4% owner); Brent Burns; Manager, Member, President, and Chief Compliance Officer (39.4% owner); Jeremy Fletcher (15% owner); and Dan Yeoman (2.3% owner).

Originally founded by Steve Huxley and Brent Burns in April 2002, Asset Dedication, LLC has been registered as an investment advisor since the summer of 2002.

We offer and consider ourselves to specialize in providing investment management services using our Asset Dedication® approach. This approach is based on the principle of cash-matching a clients near-term cash flow needs using fixed income securities over a pre-determined horizon along with time-segmented equity portfolios.

Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.

Clients are advised that the investment recommendations and advice offered by Asset Dedication do not constitute legal or accounting advice. Therefore, you should coordinate and discuss the impact of financial advice with your attorney and/or accountant. Clients are advised that it is necessary to inform Asset Dedication promptly with respect to any changes in their financial situation, investment goals and objectives. Failure to notify Asset Dedication of any such changes could result in investment recommendations not meeting the needs of the client.

### **Description of Advisory Services**

Asset Dedication provides sub-advisory investment management services to clients of unaffiliated Investment Advisors (referred to as “Advisors”) who have contractually engaged with Asset Dedication. We may provide our services directly to retail clients, but typically all services are provided to through said Advisors, who then interface directly with the clients. Clients who seek to engage our services will typically work with an Advisor who will provide financial planning services other than those required for Asset Dedication’s portfolio design and maintenance services. Clients engage us to design an investment portfolio and provide ongoing corresponding investment management services on a *fee-only* basis. This service may be structured so that we will manage only the portion of assets or selected accounts as

We generally offer two different styles of investment management services. These two primary types of services are described below:

1. **Defined Income Separate Account:** A liability driven fixed income separate account built to maximize the utility of bonds in an investor’s portfolio. The objective is to efficiently deliver a pre-determined income stream, agreed upon in the financial planning process, to investors in both taxable and non-taxable accounts.
2. **Critical Path Unified Portfolio:** A complete portfolio solution which adds complimentary Cash and Growth portfolios to the Defined Income portfolio. The Growth Portfolios are usually implemented with mutual funds and/or ETF’s and are designed to optimize the minimum return characteristics of the portfolio over various time horizons.

**Financial Plans** – Our investment approach is focused on each client's unique financial plan. Asset Dedication, however, does not provide financial planning services to clients. Advisors help Clients understand their overall financial situation and help set financial objectives. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas.

We shall allocate investment management assets, in accordance with the investment objectives of the client, among various investment alternatives. Typically, this is done on a discretionary basis. However, upon approval by Asset Dedication, we may manage accounts on a non-discretionary trading basis. Rarely, we may agree to an engagement to provide trade signals only and not be granted trading authorization over a client's account. In these cases, the client and/or Advisor Introducing Asset Dedication will have sole responsibility for accepting, rejecting and implementing any recommendations made by Asset Dedication. Please refer to Item 15 – Investment Discretion for more information. Prior to rendering investment management services, we ascertain, in conjunction with the client, the client's financial situation, risk tolerance, and investment objective(s) through the information provided by the Advisor.

Prior to Asset Dedication providing investment management services, you will be required to enter into a formal agreement with Asset Dedication, setting forth the terms and conditions under which we shall manage your assets, and a separate custodial/clearing agreement with the broker-dealer/custodian. Both our investment advisory agreement and the broker-dealer/custodian's custodial/clearing agreement may authorize the broker-dealer/custodian to debit the account for the amount of our investment management fee and to directly remit that management fee to us in accordance with required regulatory procedures. In addition to our investment management fee, you shall also incur, relative to mutual fund purchases, charges imposed directly at the mutual fund level (i.e. fund fees and expenses), and any transaction charges, commissions, or redemption fees charged by the broker-dealer/custodian. The investment advisory agreement between us and the client will continue in effect unless terminated by either party by written notice in accordance with the terms and conditions of the agreement. Our investment management fee shall be prorated through the date of termination.

We will allocate investment management assets of our client accounts using our Asset Dedication® strategy. The following disclosure is specifically applicable to Asset Dedication's management of client assets:

1. **Initial Interview** – at the opening of the account, Asset Dedication, through your Advisor, will obtain from you, information sufficient to determine your financial situation and investment objectives;
2. **Individual Treatment** - your account is managed on the basis of your financial situation and investment objectives;
3. **Notice of Changes** – it is the client and its Advisor's responsibility to advise us when the client's financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on the management of your account;
4. **Annual Contact** – at least annually, Asset Dedication, through your Advisor, shall contact you to determine whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on the management of your account;

5. **Consultation Available** – Asset Dedication and your Advisor shall be reasonably available to consult with you relative to the status of your account;

6. **Quarterly Statement** – you shall be provided with a statement, at least quarterly, that is prepared by the account custodian and delivered to you directly from the custodian. That statement shall contain a description of all activity in your account during the preceding period;

7. **Ability to Impose Restrictions** – you shall have the ability to impose reasonable restrictions on the management of his/her/its account, including the ability to instruct Asset Dedication not to purchase certain specific securities or mutual funds;

8. **No Pooling** – your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise your account;

9. **Separate Account** - a separate account or accounts will be maintained for you with the custodian; and

10. **Ownership** – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Clients are generally required to establish accounts at a broker/dealer chosen by their Advisor and approved by Asset Dedication. The broker/dealer will serve as your qualified custodian and maintain physical custody of all of your funds and assets.

In performing its services, Asset Dedication is not required to verify any information (such as investment objectives and limitations) received from you, the Advisor or from your other professionals, and Asset Dedication is expressly authorized to rely thereon. You are free to accept or reject any recommendation made by us. Moreover, each client is advised that it must notify us promptly if there is any change in the client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Asset Dedication's previous recommendations and/or services.

#### **Limits Advice to Certain Types of Investments**

We primarily provide advice on and structure investment models using fixed income securities (i.e. bonds) such as, U.S. Government bonds and municipal bonds. However, we will use other types of securities as needed including the following.

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Certificates of deposit
- Exchange traded funds (ETFs)
- Mutual fund shares
- Money market mutual fund shares for cash positions

We do not provide advice on foreign issuers, warrants, commercial paper, variable life insurance, variable annuities, options contracts on securities or commodities, futures contracts on tangibles or intangibles, or interests in partnerships investing in real estate, oil and gas interests or hedge funds and other types of private (i.e. non-registered) securities.

Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.

#### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. Information is gathered through interviews and questionnaires to determine the client's investment objectives and suitability information.

We may also manage a portion or all of a client's assets assigned to our Firm, using one or more investment models that are developed and monitored by our investment team. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

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

#### **Client Assets Managed by Asset Dedication, LLC**

The amount of client assets managed and administered by Asset Dedication totaled \$175,476,818.00 as of March 15, 2013. Of that total \$160,532,874.00 is managed on a discretionary basis and is reported as regulatory assets under management by our firm to the SEC. Please refer to Item 16 – Investment Discretion for more information. In addition, our firm serves as a consultant to an additional \$14,943,944.00.

### **Item 5 – Fees and Compensation**

Because we do not typically work directly with clients exclusively on a one-on-one basis, you must engage us through an unaffiliated Advisor. However, we do have direct client relationships that result from relationships with hourly or retainer-based financial planners who do not provide asset management. Clients that engage Asset Dedication's services as a result of referrals from unaffiliated Advisors may pay more or less to obtain our investment management services than do clients that work directly with Asset Dedication.

Different fees charged by Advisors will result in fee variations among clients. This is because a portion of the sum total of the fees charged on the assets being managed by Asset Dedication is determined by the Advisor. In such situations, where you pay more, the engagement shall result in an additional charge to you in excess of what you would have paid if you were to engage the services of Asset Dedication independent of the Advisor's introduction. Variations in the Advisor's compensation may be due to the consulting and monitoring services the Advisor may provide to the client on an ongoing basis. Such arrangements, and the terms and conditions thereof, are exclusively determined between the client and the Advisor, to which Asset Dedication will not be a party.

For more information about our relationships with outside Advisors, please refer to Item 14 – Client Referrals and Other Compensation.

### **Fee Schedules**

Fee schedules for our offerings will vary by product type and account size. The standard fees are as follows:

Asset Dedication's annual fee schedule for a **Defined Income Separate Account** portfolio is:

First	\$5,000,000	.35% of assets under management
Next	\$5,000,000	.25%
Over	\$10,000,000	.15%

Asset Dedication's annual fee schedule for a **Critical Path Unified** portfolio is:

First	\$5,000,000	.35% of assets under management
Next	\$5,000,000	.25%
Over	\$10,000,000	.15%

Asset Dedication's annual fee schedule for clients coming through the hourly/retainer channel is:

First	\$1,000,000	.45% of assets under management
Next	\$5,000,000	.35%
Next	\$5,000,000	.25%
Over	\$10,000,000	.15

Clients are charged an investment management fee based upon a percentage of the market value of the assets being managed by Asset Dedication, as described in the above schedules, though are negotiable based on factors such as the size and complexity of your account. The annual investment management fee rate charged shall vary depending upon the market value of assets under management and the specific type of investment management services to be rendered. Fees are typically payable in arrears, deducted directly from your account on a quarterly basis. When fees are charged based upon a percentage of the value of your account, we will use the value of the account on the last day of the quarter to calculate the quarterly fee. Fees for the initial quarter will be pro-rated based upon the number of days services are actually provided during the first quarter.

In unique situations and only upon the explicit approval of Asset Dedication, we may charge an annual flat fee for our services. Flat fees generally range between \$10,000 and \$50,000 annually per client. Typically, the fixed fee option is only available in situations where Asset Dedication will not have any trading authorization or other access to your account. While Asset Dedication will not have trading authorization on your account, we are still responsible for providing on-going supervision over the account using Asset Dedication's® approach. The client or Advisor will have ultimate responsibility to implement any trade recommendations provided by us.

Clients should understand that lower fees for comparable services may be available from other sources.

### **Collection of Fees**

It is generally the case that both the Advisor and Asset Dedication will be charging fees on the assets being managed by Asset Dedication. Most commonly, the Advisor will be responsible for billing and collecting its fee from the client. In these situations we will only be responsible for calculating and debiting its management fee. In the alternative, when requested by the Advisor, his/her fee is charged and collected by us. Asset Dedication will then transfer, by journal entry or otherwise, to the Advisor his/her

fee. In even more limited situations, the Advisor is responsible for collecting both the Asset Dedication and Advisor's fee. In these cases, he/she is solely responsible for collecting the fee and paying our fee to us. We will be responsible to ensure the fee is properly calculated.

### **Other Fees and Expenses**

- ✓ In addition to Asset Dedication's investment management fee, each client's Advisor will charge an advisor fee. Fees charged by Advisors are typically billed on an asset-based fee or fixed fee basis.
- ✓ Clients with assets held in mutual fund shares will be charged expenses relative to mutual fund purchases including but not limited to fund advisory fees, sales loads, and 12b-1 fees.
- ✓ Clients are also charged by the broker/dealer of their account for transactions in their accounts. These charges may come in the form of commissions, mark-ups, and/or redemption fees.
- ✓ The Firm does not receive any portion of the brokerage commissions or transaction fees charged to the client in connection with a money manager program.
- ✓ Clients may also be charged fees and expenses for certain types of accounts and account services. Examples include surrender charges, IRA and qualified retirement plan fees.
- ✓ The Firm does not receive any portion of the fees assessed by third-parties listed above.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Asset Dedication does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Item 7 – Types of Clients**

Asset Dedication generally provides investment advice to the following types of clients:

- Individuals
- Trusts, estates or charitable organizations
- Small institutions

All clients are required to execute an agreement for services in order to establish a client arrangement with us and/or the sponsor of third-party money manager platforms.

Asset Dedication has a client relationship with an employee union of a non-profit institution with which an officer of the Asset Dedication is affiliated.

### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by Asset Dedication. However, all clients are required to execute an agreement for services prior to commencing any work.

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

### **Asset Dedication, LLC uses the following methods of analysis in formulating investment advice.**

Our Firm primarily uses an **Asset Class-based** approach to investment analysis. Asset Class-based analysis is a method of evaluating assets based on their type (stocks, bonds, commodities, REITs), size (market capitalization) and style (value or growth). In other words, portfolios are constructed based on the long-term expected return characteristics of the underlying asset class. Each asset class is broadly diversified to reduce risks associated with individual issues. Asset classes are over or underweighted relative to the broad market to adjust the long-term return characteristics of the portfolio.

The risk associated with asset class-based analysis is that it is somewhat subjective. Over or underweighting relative to the broad market will lead to performance deviation from the broad market. This weighting selections may be wrong, and could therefore lead to an unfavorable investment decision.

### **Asset Dedication uses the following investment strategies when managing client assets and/or providing investment advice.**

Asset Dedication utilizes the Asset Dedication® approach as explained in the book "Asset Dedication" (McGraw Hill, 2005) written by Stephen Huxley and Brent Burns, Asset Dedication's Chief Investment Strategist and President/Chief Compliance Officer, respectively. This approach is based on the principle of cash-matching a client's income needs using fixed income securities.

Some of the risks involved with using this method include:

- Market risk where the portfolio needs to be liquidated at a point when interest rates have risen, causing prices to fall for the bond portion of the portfolio, or market prices have fallen for the stock portion of the portfolio
- Planning risk where the actual cash flows needed by the client exceed the cash flows planned in the portfolio, which can lead to unsustainable withdrawal rates and may expose the portfolio to market risk as described above
- Default risk in portfolios build with corporate or municipal bonds

Our investment approach is long-term in nature which means clients should expect to hold securities for at least one year.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- **Fixed Income Risk.** When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who

depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock and bond positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

#### **Item 9 – Disciplinary Information**

This item is not applicable to this brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of this business or integrity.

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

Asset Dedication is an independent investment advisory firm and only provides investment advisory services. The Firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure. We do not have any arrangements whereby we recommend (or refer) clients to a third-party investment advisor.

Asset dedication is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) pension consultant, (8) real estate broker or dealer, (9) sponsor or syndicator of limited partnerships, (10) insurance company, or (11) law firm.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics**

Asset Dedication has established a Code of Ethics that will apply to all of its supervised persons. As a fiduciary, it is an investment adviser’s responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its clients at all times. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. We have the responsibility to make sure that the interests of all clients are placed ahead of ours or our supervised persons’ own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being performed. Asset Dedication and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Subject to the restrictions set forth in our Code of Ethics, Asset Dedication and its associated persons may buy or sell securities that are also recommended to you. In order to minimize this conflict of interest, securities recommended by us must be widely held and publicly traded and subject to the limitations set forth in the Asset Dedication Code of Ethics. In addition, in accordance with our fiduciary duty to you, we and our associated persons will place your interests ahead of our own interests. Under rules applicable to all investment advisors, whether or not registered, we have adopted policies and procedures that require us to monitor and police personal trading to identify conflicts and address them expeditiously.

## **Item 12 – Brokerage Practices**

Clients contracting for our investment management program are free to select any broker/dealer they wish and are so informed, subject our final approval. Generally, clients will discuss with their Advisor an appropriate broker/dealer to hold the client’s account to be managed by us. When a client or Advisor directs the use of a particular broker/dealer or other custodian, we may not be able to obtain the best prices and execution for the transaction. Clients and Advisors who direct the use of a particular broker/dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer or custodian. Further, trades in your directed accounts may be placed by us after effecting non-directed trades.

While we attempt to be flexible with the broker/dealers used by you, we must be able to integrate the broker/dealer's trading platform into our operational, trading and compliance systems. To that end, we may suggest which broker/dealers' systems are most easily integrated with our systems. We seek the best execution possible for our clients' accounts, given all available facts and circumstances. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. Therefore, we cannot promise or guarantee that we will obtain the lowest trading prices available in the industry.

The trading process of any broker/dealer used must be efficient, seamless, and straightforward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors to be considered when selecting a broker/dealer. Of course, the client and Advisor are free to choose whichever broker they would like to use provided such broker is capable of executing the Asset Dedication® approach.

We utilize the services of institutional trading and custody platforms, including: Schwab Institutional for which Charles Schwab & Company, Inc. serves as the broker/dealer and qualified custodian, TD Ameritrade Institutional for which TD Ameritrade serves as the broker/dealer and qualified custodian and Fidelity Investments Wealth Management for which National Financial Services, LLC serves as broker/dealer and qualified custodian.

Asset Dedication is not affiliated with Charles Schwab, TD Ameritrade or Fidelity. These platforms allow Asset Dedication access to institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a minimum threshold of the Asset Dedication's clients' assets are maintained in accounts through the platform and are not otherwise contingent upon Asset Dedication committing to the provider any specific amount of business (assets in custody or trading). The institutional platforms' services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Charles Schwab, TD Ameritrade and Fidelity (the "Custodians") do not charge separately for custody services for our clients for whom the Custodians have custody. Rather, the Custodians are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the respective broker/dealer or that settle into the broker/dealer's accounts.

The Custodians also make available to us, other products and services that benefit Asset Dedication, but may not benefit its clients' accounts. Some of these other products and services assist us in managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of our fees from our clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at the particular broker/dealer. Custodians also make available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

It should be noted that our receipt of these services and benefits create an incentive for us to recommend broker/dealers based on those services and benefits and not necessarily the best interests of our clients. We do not receive referrals from any broker/dealer.

### **Trade Errors**

Asset Dedication has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where you do not cause the trade error, you will be made whole and any loss resulting from the trade error will be absorbed by us if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. We may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons). Asset Dedication will never benefit or profit from trade errors.

### **Aggregation of Client Orders- Block Trading Policy**

Transactions we implement for client accounts are generally effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the Firm when we believe such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, we do not receive any additional compensation or remuneration as a result of aggregation.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Account reviews are provided in connection with asset management accounts. Asset Dedication will contact clients at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. Advisors are solely responsible for forwarding all changes to Asset Dedication. If the Advisor fails to forward such information, in the appropriate case, the Asset Dedication may be required to resign the engagement for such client. Account reviews will be done annually, although more frequent reviews may also be triggered by changes in your circumstances, your request, or changes within the market. The underlying portfolios used to manage your accounts and holdings within those portfolios are reviewed on a more frequent basis. Portfolios are usually reviewed as frequently as weekly, but no less than monthly. Asset Dedication is responsible for ongoing trading services for accounts in which the Asset Dedication is considered the manager and has been granted trading authorization.

Steve Huxley, Brent Burns and Jeremy Fletcher are currently the only staff who are authorized to perform any client review and are responsible for providing all investment advice.

### **Statements and Reports**

Client accounts are tracked periodically using an online service (Tamarac Advisor). All client accounts are maintained by third-party custodians who provide clients with monthly written statements of their accounts. In addition, each client (unless the client requests otherwise) will receive an annual written review to indicate where the client stands in comparison with their long term goals. On a quarterly basis, Asset Dedication provides written performance and position reports for clients.

## **Item 14 – Client Referrals and Other Compensation**

### **Client Referrals**

As previously disclosed in Items 4, 5 and 12 of this Disclosure Brochure, we have arrangements with outside investment advisors that refer or recommend our Asset Dedication® investment management services to their clients.

An Advisor, at the time of introducing Asset Dedication to a client, shall disclose the nature of the relationship between us and the Advisor, and shall provide each prospective client with a copy of this Disclosure Brochure which includes a summary of Asset Dedication's Code of Ethics. The Advisor shall disclose the terms of the arrangement between Asset Dedication and the Advisor, including the manner in which each party is being compensated.

Due to the arrangements between us and Advisor, we will rarely, if ever, come into direct contact with the underlying client. The Advisor will maintain responsibility for the direct client relationship and serve as a communication conduit between Asset Dedication and the underlying client.

From time to time, we may recommend or refer potential clients (such as someone who read Asset Dedication's book) to a number of Advisors, some of whom may have a relationship with Asset Dedication. We hope that as a result of recommending an Advisor, the Advisor will in turn recommend that the prospective client use the services of Asset Dedication. We do not receive a referral fee for referring clients to an Introducing Advisor.

### **Other Compensation**

- ✓ The only form of compensation received from advisory services is the fees charged for providing investment such services as described in Item 5 of this brochure.
- ✓ We receive no other forms of compensation in connection with providing investment advice.
- ✓ However, please refer to Item 12 to read information regarding the benefits received from our brokerage arrangements.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds

and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Asset Dedication is deemed to have custody of client funds and securities whenever it is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody we will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which we are deemed to have custody, the Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from Asset Dedication. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

Through our investment management services and upon receiving written authorization from a client, Asset Dedication will maintain trading authorization over client accounts. Upon receiving written authorization from the client, we may implement trades on a **discretionary** basis. When discretionary authority is granted in our agreement for services, Asset Dedication will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of Asset Dedication to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Asset Dedication will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our Firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

Unless otherwise instructed by a client, it is the policy of Asset Dedication to vote proxies on the investments under its supervisory and management services. Proxies will be voted in the best interest of clients. Our proxy voting policy is to cast proxy voting in favor of proposals that are anticipated to enhance the long-term value for the client's shareholders and the company. Generally, this will mean voting "for" proposals that are to improve the management of a company, increase the rights or preferences of the voted securities, and/or increase the chance that a premium offer would be made for the company or for the voted securities. Our decision to vote in support or opposition of a proposal will always depend on the specific circumstances described in the proxy statement and other available information.

Asset Dedication votes proxies based on the best interests of each individual client. This means we may vote one way for one client and the opposite way for other clients. Upon taking authority to vote proxies, clients may place restrictions on how Asset Dedication votes. In addition, you always have the ability to direct a particular proxy vote by contacting us prior to when the vote must take place. If you have questions regarding a proxy-vote or would like us to vote a particular way on your behalf, please contact Brent Burns. If you would like to obtain information from us about how we have voted securities on your behalf, please contact Brent Burns.

You may request a complete copy of our proxy voting policies and procedures as well as information on how your individual proxies were voted by contacting us at the address or phone number indicated on the Cover Page of this disclosure document.

### **Item 18 – Financial Information**

This item is not applicable to this brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

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