



## **Clark Dodge Asset Management, LLC**

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**October 30, 2013**

### **FORM ADV PART 2A BROCHURE**

**This brochure provides information about the qualifications and business practices of Clark Dodge Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (914) 304-4766. 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 Clark Dodge Asset Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Clark Dodge Asset Management, LLC is 154822.**

**Clark Dodge Asset Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## **Item 2 Material Changes**

Form ADV Part 2 requires Registered Investment Advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Clark Dodge Asset Management, LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## **Item 4 Advisory Business**

### **Description of Services and Fees**

Clark Dodge Asset Management, LLC (CDAM) is a registered investment adviser based in White Plains, New York, with an office in Westport, CT. We are organized as a limited liability company under the laws of the State of New York. As of June 30, 2011, Retirement Counseling Associates, LLC is a division of CDAM. We offer the following investment advisory services, which are personalized to each individual client:

- Financial Planning and Consulting Services
- Investment Management
- Asset Allocation Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service provided by CDAM and how these services are tailored to the requirements of our individual clients. As used in this brochure, the words "we", "our" and "us" refer to Clark Dodge Asset Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Note you may see the term "Associated Person" throughout this brochure. As used in this brochure, our Associated Persons are CDAM's officers, employees and all individuals providing investment advice on behalf of our firm.

### **Financial Planning**

We strive to provide for our client's current needs and where appropriate, the needs of their future generations. We focus on comprehensive wealth management and the realization of financial objectives. This may include but is not limited to: the management of non-retirement and retirement assets, trust management, wealth transfer and charitable giving strategies and tax planning.

We help clients establish the time horizon during which their investments will be most needed; determining contribution rates, analyzing market and economic trends that may affect their investments. We review and recommend strategies to clients with charitable interests to meet their tax and philanthropic goals. Most importantly, our clients' interests come first; our investment principles are rooted in the belief that clients' trust in our stewardship should be rewarded with returns commensurate with their particular level of risk.

We offer financial planning services and consulting services, principally advisory in nature regarding the management of your financial resources based upon an analysis of your individual needs. We offer the following financial planning services: Investment Portfolio Analysis and Tax Efficient Implementation of Recommendations, Net Worth Analysis, Cash Flow Analysis, Tax Analysis, Life Insurance Needs Analysis and Current Coverage Review, Disability Insurance Needs Analysis and Current Coverage Review, Group Benefits Analysis and Current Coverage Review, Education Expense Planning and Estate Planning.

Financial plans are based on your financial situation at the time we prepare the plan and on the financial information you provide to us. The client should promptly notify us if their financial situation, goals, objectives and or needs change.

We may provide advice on non-investment related matters such as budgeting, accumulation plans to attain financial goals, mortgage refinancing, choosing your optimum retirement date, pension options, social security, Medicare, and calculating inflation-hedged retirement income among others.

We charge an hourly fee of \$330 for a financial planner's services, \$110 per hour for planning

support staff, and may negotiate a project based fee as well. Our fees are payable on the first of the month following the performance of service; they are not refundable.

We may reduce our financial planning and consultation fee if you implement your financial plan by engaging our firm for asset management and related advisory services.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

### **Investment Management Services**

We offer discretionary investment management services. Saving for short-term goals can often be as important as long-term planning. Whether planning a new business, sending a child to college or simply saving for a rainy day, we work closely with clients to determine the most effective investment strategy to achieve their goals.

Our investment process begins with understanding the unique goals and objectives of each client. We integrate risk tolerance, near and long term investment goals, income tax, estate and succession planning issues when designing and constructing a diversified, institutionally custodied investment portfolio.

We continuously research new strategies and refine existing strategies where we believe risk adjusted, cost effective benefits will inure to our clients. Our in-house research efforts are supplemented by institutional sources and the Investment Advisory Board ("IAB"). The IAB is chaired by Michael R. Sanders and was founded in 2010 as an investment "think tank" to provide objective, independent global capital markets research. The IAB board members are forward thinking experts in finance who have "hands on" extensive investment and capital markets experience.

### **Legacy RCA Clients**

Investment counsel provided legacy RCA clients' follows to the extent practicable, the allocation of the Retirement Investment Account" of Fred Munk, Principal; hereinafter referred to as the "Flagship Account" or "FSA". If you previously retained RCA for asset management services, we will meet with you to determine whether the FSA based investment strategy is suitable for your financial needs and goals or should be modified pursuant to a different, mutually agreed upon CDAM allocation. While providing asset management services, we may alter the investment portfolio in accordance with your risk tolerance and investing objectives. We will monitor your portfolio's performance on an ongoing basis, and rebalance the portfolio as required by changes in market conditions and your financial circumstances.

### **Asset Allocation Services**

For RCA "Heritage" clients that have paid advisory fees under a previous billing system, we offer a periodic asset allocation service where we rebalance portfolios on at least a calendar basis and more frequently at the client's discretion. We are typically granted discretionary authority to review accounts on a pre-determined calendar schedule and rebalance your account at your expense and without your prior consent. If we enter into a **Non-Discretionary** arrangement with you, we will make recommendations where appropriate, in accordance with your stated financial objectives and will obtain your consent prior to rebalancing the account. At all times, you are entitled to accept or reject our recommendations. You are solely responsible for implementing the recommended changes to your account if you have not granted us discretion over your investment account.

Either party may terminate the client agreement at any time. You will incur a pro rata charge for bona fide services actually rendered prior to such termination.

### **Loring Ward: Structured Investing Wrap Program**

As of July 25, 2012, CDAM entered into a sub-adviser relationship with LWI Financial Inc. ("Loring Ward"). Founded in 1990, Loring Ward is a registered investment adviser that sponsors a "turn-

key” asset-class allocation and management program, as well as providing investment advisory and administrative services directly to investing Clients through its affiliated Investment Adviser Representatives (“Affiliated IARs”), and to other independent registered investment advisers and broker-dealers, including CDAM (collectively, “Independent Advisors”), as well as their respective Clients. As of February 6, 2013, Loring Ward managed total assets of \$8,092,090,309 for Clients. All Client accounts are managed and/or administered on a non-discretionary basis pursuant to instructions received from either the Client or the Client’s Independent Advisor pursuant to Limited Power of Attorney granted by the client. Under this platform we delegated rebalancing, trading, fee calculations and client reporting to Loring Ward.

Loring Ward implements asset-class allocation programs approved by the Client primarily with an approved group of no-load mutual funds. Among the funds recommended by Loring Ward are the SA Funds – Investment Trust (“SA Funds”) and the funds of Dimensional Fund Advisors, LP (“DFA Funds”). The SA Funds consist of nine mutual funds which are advised and administered by Loring Ward and sub-advised by Dimensional Fund Advisors LP (“DFA”), an unaffiliated mutual fund adviser. The DFA Funds are directly advised by DFA or its affiliates. Loring Ward receives investment management fees, administration fees, and shareholder servicing fees from the SA Funds (see “SA Fund Management,” below) and provides shareholder services to four DFA Funds. Loring Ward receives shareholder servicing fees from these four DFA Funds, which are included in the annual operating expenses reported by these funds in their respective prospectus.

Loring Ward provides a variety of services to its Clients, Independent Advisors and their Clients, including quarterly reporting, fee reporting and debiting, transaction data processing, and proposed portfolio construction. As part of its portfolio management services, Loring Ward offers periodic portfolio rebalancing designed to keep portfolios consistent with the Client’s desired asset allocation target amounts within Loring Ward’s usual and customary target parameters. If the Client elects to use Loring Ward’s portfolio management services, Loring Ward will generally rebalance accounts quarterly to within four percent (4%) of the allocation target in each asset-class agreed upon by the Client. Loring Ward, the Independent Advisor, or the Client may elect **to NOT** rebalance because the funds involved are economically insufficient, additional fees and expenses are anticipated or other events that would make rebalancing impracticable. Loring Ward will also provide a mechanism for the collection of investment advisory fees from Clients, which are payable to Independent Advisors whose Clients have Loring Ward accounts. Loring Ward receives no fees from Independent Advisors or their Clients for these additional services; however, Loring Ward receives investment advisory, administration, and shareholder servicing fees from the SA Funds as described in subsequent sections. A Form ADV Part 2A Wrap Fee Program Brochure developed by Loring Ward that describes the Loring Ward Program is also available upon request from CDAM. Since the Loring Ward program is a “wrap fee” program, the client pays a fee based on a percentage of assets under management. The client does not pay any additional commissions, transaction costs, or sales charges.

### **Types of Investments and Philosophy**

Our focus on asset allocation, asset location and portfolio structure is core to the investment services we provide to our clients. CDAM is an independent Registered Investment Advisor; as such it is not required to invest in any specific security, mutual fund or proprietary offering. This flexibility enables us to choose from a wide range of unconstrained investments that we believe will meet our client’s objectives.

We initially construct a detailed profile of our client’s financial situation. Based on the information provided by the client and our independent research, we determine a range of investment returns that will allow the client to meet their stated goals. We construct our portfolios with a carefully selected mix of institutional mutual funds, separately managed accounts, exchange traded funds and notes (ETFs and ETNs) and individual securities (e.g. individual bonds and equities). Prior to making any investment of client capital, the risk and projected return for each strategy must be approved by the client.

We manage risk through investment in low-correlated asset classes; our goal is to buffer client portfolios from major downward moves in a single asset class. We rebalance portfolios on a discretionary basis in order to capture investment and tax benefits.

You may request that we refrain from investing in particular securities or certain types of securities. Such request must be provided to CDAM in writing.

### **Assets Under Management**

As of November 15, 2013 we managed \$311,995,395 in client assets.

## **Item 5 Fees and Compensation**

### **INVESTMENT ADVISORY AND WEALTH MANAGEMENT FEE RATES**

#### CDAM Standard Fee Schedule:

<b>Assets Under Management Annual Fee</b>	<b>Equity and Balanced Account Strategies: Annual Fee</b>	<b>Fixed Income Account Strategies:</b>
Initial \$2,000,000	1.25%	0.65%
Next \$3,000,000	0.75%	0.50%
Next \$5,000,000	0.50%	0.35%
Additional amounts over \$10,000,000	0.35%	0.20%

#### Loring Ward Wrap Fee Program Fee Schedule:

<b>Assets Under Management</b>	<b>Equity and Balanced Account Strategies: Annual Fee</b>	<b>Fixed Income Account Strategies: Annual Fee</b>
Initial \$2,000,000	1.00%	0.65%
Next \$3,000,000	0.75%	0.50%
Next \$5,000,000	0.50%	0.35%
Additional amounts over \$10,000,000	0.35%	0.20%

#### 529 Plan Fee Schedule:

<b>Assets Under Management</b>	<b>Equity and Balanced Account Strategies: Annual Fee</b>	<b>Fixed Income Account Strategies: Annual Fee</b>
529 Plan Accounts	0.5%	0.5%

#### RCA legacy clients fee schedule:

A flat fee of \$1,000 per year plus 0.75% of assets under management. RCA legacy clients will receive an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only after you have given us written authorization for the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Unless otherwise agreed to in writing, the fee schedules detailed above will apply to all household accounts on an aggregated basis. The annual fee for asset management services is billed and

payable quarterly in advance based on the value of your account on the last day of the previous calendar quarter. The fee is billed on the first day of the month following the end of the relevant calendar quarter. Fees will be assessed pro rata in the event the asset management agreement is executed at any time other than the first day of a calendar quarter.

Our Investment Advisory Fee Schedule may be modified by mutual agreement.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

### **403(b)(7) Accounts**

For 403(b)(7) accounts held with custodians other than Schwab, clients may be subject to additional fees and charges. The custodial fees for our Loring Ward clients are wrapped into the Loring Ward fees.

Custodians may have their own administrative charges, which are separate from the fees charged by us.

### **Compensation for the Sale of Other Investment Products**

No commission compensation is received for any investment product recommended.

We may receive finder's fees or commissions on insurance product implementation. You may implement any insurance recommendation through an agent of your choice.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Investment Advisory Fee section* above and **are not** based on an advisory account's capital gains and/or capital appreciation.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, trusts, estates, charitable organizations, corporations and corporate retirement plans.

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

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Each strategy and investment is analyzed and reviewed daily. Prior to inclusion (purchase for a client) of a new security, fund or portfolio the following due diligence is completed:

1. Management meetings and interviews;
2. Analysis of ownership and management structure of a particular fund or company;
3. Investment returns analysis vs. benchmarks (both short and long term);
4. Modern Portfolio Theory "MPT" statistical review (Betas, Correlation Coefficient, R-Square, Covariance, Sharpe Ratio, Alpha, Information Ratio);
5. Expense considerations; and
6. Liquidity assessment.

In addition we rely on the following research techniques in evaluating investments:

- Charting Analysis - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- Fundamental Analysis – the analysis of individual market classes and their anticipated growth potential compared to other market classes within the existing economic environment. Economic and market data is gathered daily, weekly and monthly from many sources and compiled for analysis and comparison to discern trends, potential market tops and bottoms and opportunities within the constantly changing market environment to find opportunities for higher than normal returns.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - As a rule we do not make short term purchases (generally less than one year) for the specific purpose of taking advantage of expected short term price fluctuations. Although we seek to limit this result, short term holding period(s) may result from portfolio reallocation due to extreme market conditions.

Our investment strategies and advice may vary depending upon each client's specific financial situation. We determine appropriate investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your specific restrictions and guidelines may also affect the composition of your portfolio. However, the majority of our clients have come to us for our unique low risk investment approach suited to retirement and income generating portfolios.

### **Risks Associated with Methods of Analysis**

Charting and Technical Analysis - The risk of using technical analysis is that charts may not accurately predict future price movements. The current price of a particular security may reflect all the information known about that security. However, day to day changes in the market price of any security may follow random patterns and not be predictable with any reliable degree of accuracy. Therefore, we only use technical analysis in conjunction with other analytical tools.

Fundamental Analysis - The risk of using fundamental analysis is that the data incorporated may be incorrect, resulting in flawed analysis. If market prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance. As with Charting/Technical Analysis, this process is only used in conjunction with other analytical tools.

Cyclical Analysis - Economic/business cycles are not predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles are difficult to

predict with accuracy. Therefore, the risk of cyclical analysis is the difficulty in predicting economic trends and associated changes in market class returns affected by these trends. Like other types of analysis, we use this methodology in conjunction with them.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

We primarily recommend Mutual Funds, Exchange Traded Funds and individual fixed income securities. However, we may recommend other investment vehicles based on client's specific requirements and risk tolerance. Each type of security has its own unique set of risks – it would be difficult if not impossible to list here all of the specific risks of associated with every investment. Even within the same type of investment, risks may vary widely. Generally, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds and exchange traded funds (ETF's) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund has a manager (or team of managers) that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stocks and their price can fluctuate throughout the day. The returns on mutual funds and ETFs are generally reduced by the costs incurred to manage the funds. Some mutual funds are "no load" and charge no fee to buy or sell the fund shares. Other types of mutual funds do charge such fees, these will reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow new investors and investment capital, which may dilute other investors' interests. CDAM does not utilize "load" mutual funds or any investment that pays us a commission.

### **Item 9 Disciplinary Information**

Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

Clark Dodge and Company, Incorporated, a registered broker dealer has common ownership with CDAM. Joseph DiMauro (CRD #3272638) is the owner of Clark Dodge and Co., Inc. (CRD #23288), a registered Broker Dealer and registered SEC Investment Advisory Firm as well as a co-owner of CDAM.

As part of our financial planning process we may provide insurance advice. If the client chooses to implement the coverage through one of our licensed insurance agents, the agent may earn commission-based compensation for selling insurance products, including Life Insurance, Disability or Long Term Care. Insurance commissions earned by this person are separate from our advisory fees. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm. This is not a focus of our firm, but we disclose this information to all of our clients.

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

### **Description of Our Code of Ethics**

Clark Dodge Asset Management, LLC, the Adviser, has adopted a Code of Ethics and Professional Conduct expressing the firm's commitment to ethical conduct. The Adviser's code of ethics describes the firm's fiduciary duties and responsibilities to clients and its responsibility to supervise and continually monitor the personal transactions of "supervised persons" (e.g. employees and affiliated personnel) with access to client information. It is the express policy of the Adviser that no person employed by the Adviser shall prefer his or her own interest to that of an Advisory Client or make personal investment decisions based upon the investment decisions of Advisory Clients.

In compliance with CDAM's Code of Ethics, its Chief Compliance Officer reviews all holdings and accounts of anyone associated with this advisory practice or with access to advisory recommendations. This review is conducted on a quarterly and annual basis to ensure client's interests are placed first.

The Adviser requires that all individuals performing duties in the Advisory business act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. The Adviser's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information in transactions or advice.

Clark Dodge Asset Management, LLC is committed to ethical and professional conduct as an investment adviser. The main points of the CDAM Code of Ethics and Professional Conduct are summarized below:

- To act in a professional and ethical manner at all times;
- To act with independence and objectivity;
- To act in the best interests of our clients and not allow personal interests or those of CDAM to take precedence over the interest of our clients;
- To act with due skill, competence, care and diligence in conducting our business and all transactions and trading activities;
- To preserve client confidentiality and privacy at all times;
- To respect the intellectual property rights of others;
- To prevent and/or fully disclose to clients, any perceived or real conflicts of interest;
- To promote honesty, integrity and trust in all communications with clients, employees and business associates;
- To promote full, fair, accurate and understandable disclosure in reports, documents and client communications that CDAM creates, submits and disseminates;
- To protect and promote the integrity of the market; and
- To promote compliance with applicable laws, rules and regulations

The adviser will provide a complete copy of its Code of Ethics and Professional Conduct to any Client or Prospect upon request to the Chief Compliance Officer at Advisor's principal address.

### **Item 12 Brokerage Practices**

We generally recommend that clients establish brokerage accounts with a qualified custodian to maintain custody of your assets and to effect trades for your accounts. We are independently owned and operated and not affiliated with any qualified custodian. We maintain custodial relationships with several unaffiliated, independent, registered broker-dealers, such as Schwab Institutional division of Charles Schwab and Co., Inc. ("Schwab Institutional"), a FINRA-registered broker-dealer, member SIPC, Fidelity Investments Institutional Services Company, Inc. ("Fidelity"), TIAA-CREF and Vanguard Securities, Inc. ("Vanguard"), RBC Capital Markets, LLC, and Pershing LLC, collectively "Qualified Custodians." While you are free to choose any broker-dealer/custodian or other service provider, we typically recommend that you establish an account with a firm with

which we have an existing relationship. When recommending a Qualified Custodian, we will attempt to minimize your total cost for all brokerage services.

CDAM may recommend that clients establish brokerage accounts with the Schwab Advisor Services (formerly called Schwab Institutional) division of Charles Schwab and Co., Inc. (Schwab), a registered broker-dealer, Member SIPC/NYSE, to maintain custody of clients' assets and to effect trades for their accounts. Schwab Institutional provides CDAM with access to its institutional trading and operational services. Schwab Institutional services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to CDAM other products and services that benefit CDAM but may not benefit its clients' accounts. Some of these other products and services assist CDAM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of CDAM fees from its clients' accounts and assist with back-office support, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of CDAM's accounts, including accounts not maintained at Schwab Institutional.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services is Schwab's business division which serves independent investment advisory firms such as CDAM. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of these services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services

Services that Benefit You Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our client's accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our client's account, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our client's accounts; and
- Assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include

- Educational conferences and events;
- Technology, compliance, legal, and business consulting;
- Publications and conferences on practice management and business succession; and

- Access to employee benefits providers, human capital consultants and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services as long as we maintain at least \$10 million of client assets in accounts at Schwab. The receipt of these services from Schwab is not contingent upon us committing any specific amount of business to Schwab in trading commissions or custodied assets. The \$10 million minimum may give us an incentive to [recommend/request/require] that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business, rather than based on your interest in receiving the best value in custody services and possibly more favorable execution of your transactions. This represents a potential conflict of interest. However, we believe that our selection of Schwab as custodian and broker is in the best interest of our clients. This conclusion is supported by our continuous analysis of services provided by custodians that support the independent Registered Investment Advisor industry. We believe that the scope, quality and pricing of Schwab's services to both CDAM and our clients, represents a fair and effective overall cost structure for advisory services. Therefore, we do not believe that maintaining at least \$10 million of our assets at Schwab in order to avoid paying Schwab's quarterly service fees presents a material conflict of interest.

CDAM may also recommend that clients establish brokerage accounts with RBC Advisor Services, a division of RBC Capital Markets LLC, a full-service custody provider for registered investment advisors. RBC Advisor Services offers a sophisticated wealth management and brokerage platform to serve the complex needs of high net worth clients. These services include and are not limited to foreign currency conversion and trading in 14 different currencies.

In suggesting a Qualified Custodian, we will endeavor to select those firms that we believe provide quality services with competitive transaction fees. The reasonableness of transaction fees is based on several factors, including the Qualified Custodian's ability to provide professional services, competitive transaction fees, volume discounts, execution price negotiations, reputation, experience, and financial stability of the Qualified Custodian and the quality of service rendered by the Qualified Custodian in other transactions.

You may utilize the Qualified Custodian of your choice and have no obligation to purchase or sell securities through any broker we recommend. However, we reserve the right to reject your account if you wish to direct brokerage outside one of the Qualified Custodians recommended by us since such arrangement may be too inefficient for us to effectively manage your accounts. However, we are open to a special fee arrangement, if appropriate for you, to accommodate your specific needs.

### **Brokerage for Client Referrals**

From time to time, we may receive client referrals from Clark Dodge and Co., Inc. a registered Broker Dealer owned by Joseph DiMauro, who is a co-owner of CDAM. We share 30% – 70% of our fees for such referrals. The fee sharing arrangement is determined on a case by case basis.

### **Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through one of the Qualified Custodians with whom we have an arrangement. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

## **Block Trades**

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts. However, they will not be given preferential treatment.

## **Cross Trading Policy and Procedure**

There are many situations where a client must sell a fixed income position in order to raise liquid funds. Concurrently, other CDAM clients (non-family, non-related to the seller) may have fixed income requirements similar in amount, security type and credit quality to the security being sold.

Rather than pay a full bid/ask spread on the sale and purchase transactions, we seek where appropriate to match the security between two unrelated clients. We conduct the cross trades as follows:

- 1) The selling client must not be related to the purchasing client;
- 2) Pursuant to the purchasing client's financial planning and investment profile, the type of security (i.e. municipal bond, CD) and credit quality thereof must be appropriate for that client's portfolio;
- 3) The sale and purchase price(s) of the security must be independently established by the custodian's trading desk. For example, Schwab will seek three bids for each security in order to establish a fair market value that does not disproportionately favor either the seller or purchaser of the security; and
- 4) The fee charged by Schwab for conducting the cross sale and purchase must be fully disclosed and compare favorably to an open market sale and purchase of the same security.

## **Item 13 Review of Accounts**

### *Managed Accounts*

Michael Sanders CIO, Frederick Munk Portfolio Manager, Craig R. Marson Director of Financial Planning, and John Bannan, Portfolio Manager will monitor your accounts on a continuous basis to ensure that the advisory services provided to you and/or the portfolio allocation are consistent with the investment strategy established at the onset of our relationship and as subsequently altered to meet changing investment needs and objectives.

### *Asset Allocation Accounts*

Asset Allocation accounts are reviewed based on an agreed upon schedule (e.g. annually, semi-annually, or quarterly). This process does not include a comprehensive review of your financial plan. If the asset allocation accounts are non-discretionary, we will contact you for permission to rebalance according to changes that may be recommended and/or to provide you with instructions for you to rebalance the account.

### *Financial Plans*

The review of your financial plan is conducted on an as needed basis or upon your direct request. You are encouraged to meet with us at least annually to review plans, recommendations and progress. Significant changes to your financial situation may result in mutually agreed upon adjustments to your plan.

As part of your review, we may provide various summary and analytical reports of your portfolio. These reports include but are not limited to: a summary of all investments in each account,

market values, yield information, market category, performance data, and pertinent notes/recommendations. In addition you will receive statements directly from your account custodian.

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

As disclosed under the "Fees and Compensation" section in this brochure, persons providing investment advice on behalf of our firm may be licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section. This is not a focus of our firm, but you must know of its existence.

#### **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker- dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly and usually monthly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

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

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

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

##### **Proxy Voting**

Unless CDAM agrees otherwise in writing, the client shall be responsible for: (a) directing the manner in which proxies solicited by issuers of securities you beneficially own shall be voted, and (b) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events pertaining to the securities in the Account. You authorize and direct us to instruct the Custodian to forward to you copies of all proxies and shareholder communications relating to the Assets.

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

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or

- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## **Management and Team**

### **Joseph DiMauro**

President and Chief Executive Officer Clark Dodge and Co., Inc.

Chief Executive Officer Clark Dodge Asset Management, LLC

Born: 9/9/1948

Formal Education: -Bachelors of Art in Economics St. Francis College, Brooklyn, NY, Graduated May 1970 -Masters of Business Administration in Finance Long Island University, Brooklyn, NY, Graduated May 1973

Mr. DiMauro currently possesses securities licenses Series 7, 63, 3, and 24

### **Michael R. Sanders**

President and Chief Investment Officer Clark Dodge Asset Management, LLC

Born: 3/21/1969

Formal Education: - Bachelors of Science in Business Administration State University of New York at Buffalo, Buffalo, NY, Graduated January 1992

- Masters of Business Administration in Finance Long Island University's CW Post Campus, Greenvale, NY, Graduated May 1995

Mr. Sanders currently possesses Series 65 license

Business and Employment Background: -Mr. Sanders is the Chairman of the Byram Hills Education Foundation -Mr. Sanders has been Managing Director of Gerstein Fisher and Associates -Mr. Sanders has been Vice President of Stein Roe Investment Counsel -Mr. Sanders has been Vice President of Seligman Advisors, Inc. -Mr. Sanders has been Vice President, Investment Officer of J and W Seligman and Co., Inc.

### **Frederick Louis Munk, Jr., CFP®, ChFC, CLU**

Portfolio Manager Clark Dodge Asset Management, LLC

Born: 5/8/1943

Formal Education: -University of Connecticut, B.S., Business Administration/Insurance, 1965

Mr. Munk currently possesses Series 65 license

Business and Employment Background: -Mr. Munk founded Retirement Counseling Associates, LLC, in 1978 -Mr. Munk has been an agent with Phoenix Mutual Life Insurance Company

Certifications: -Certified Financial Planner<sup>TM</sup> professional, (CFP®), 1989.

### **Craig R. Marson**

Managing Director, Director of Financial Planning Clark Dodge Asset Management, LLC

Born: 09/16/1960

Formal Education: University of Albany, B.S. Accounting, 1982  
St. John's University School of Law, Juris Doctor, 1985

Business Relationships/Work Experience:

- Stonegate Wealth Management (formerly Baron Financial Group) 2007-2013
- Gerstein Fisher and Associates 2005-2007
- American Economic Planning Group 2003-2005
- Sontag Advisory LLC 1997-2003.

Mr. Marson currently possesses series 65 license

Certifications: N.Y. State Bar –1986  
N.Y. State Certified Public Accountant -1991

### **John Bannan**

Portfolio Manager, Clark Dodge Asset Management LLC

Born: 11/21/1962

Formal Education: Dominican College, BS Management, 2007

Business and Employment Background:

- Gerstein Fisher 2008-2013
- Walnut Street Securities 2001-2008
- Nathan & Lewis Securities 1998-2001
- AIG Equity Sales 1995-1998
- Banca IMI Securities 1993-1994

Mr. Bannan currently possesses Series 4, 7, 24, 53, 63, and 55 licenses

### **Susan J. Hunter, CFP®**

Vice President, Private Client Services Clark Dodge Asset Management, LLC

Born: 6/10/1954

Formal Education: -Iona College, New Rochelle, NY, M.B.A., Accounting, 1983.  
-Marist College, Poughkeepsie, NY, B.A., English, 1977.

Business and Employment Background:

-Ms. Hunter has been Chief Compliance Officer of Retirement Counseling Associates, LLC -Ms. Hunter has been an Administrative Assistant at Americares

Certifications: Certified Financial Planner™ professional, (CFP®), 1991.

### **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

### **Item 20 Additional Information**

#### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

#### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

#### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation. We do not initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.