

# TECHNICAL MANAGEMENT GROUP, INC.

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website address: none

February 14, 2015

This Brochure provides information about the qualifications and business practices of Technical Management Group, Inc. If you have any questions about the contents of this Brochure, you may contact us at (971) 218-4053, or email [technicalmanagement@comcast.net](mailto:technicalmanagement@comcast.net) to obtain answers and additional information. Technical Management Group, Inc. is a registered investment advisor with the Securities Exchange Commission. Registration of an investment adviser does not imply any level of skill or training. 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 Technical Management Group, Inc. is available on the SEC's website at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

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## Item 2 – Material Changes

There have been minimal changes made to this brochure which are materially different from the previous same document.

The nature of the advisory business is more detailed in Item 4.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Steven Beranek at (971) 218-4053 or Sherman McNab at (503) 931-9943 or by email to [technicalmanagement@comcast.net](mailto:technicalmanagement@comcast.net).

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## **Item 4 – Advisory Business**

### **A. The Company**

Technical Management Group, Inc. (“TMG” “we” “us” and “Advisor”) is an Oregon corporation and Registered Investment Adviser under the securities laws of the SEC. Our principal place of business is located in Salem, Oregon. Steven Beranek is the President and sole owner of Technical Management Group, Inc. which he founded in 2008. Sherman McNab, Vice President, joined the firm January 3<sup>rd</sup>, 2014.

### **B. Advisory Services**

We offer a multiple investment strategies, which may change from time to time. Historically, our investment style included but was not limited to common stocks and preferred stocks. Generally, we have the authority to determine, without obtaining specific Client consent, the securities bought or sold and the amount of securities bought or sold. We generally invest our clients’ assets in a Dividend Growth model. This includes the practice of purchasing into client accounts Preferred stocks (50%), high-dividend yielding common stocks (40%), and speculative positions (10%). These percentages may vary by plus or minus ten percent based on client risk profile. Concentrated positions will be used especially in accounts with assets less than \$25,000.

The Preferred stocks that we purchase not uncommonly have a low trading volume- which may have an increased risk of loss of principle during liquidation. Additionally, we use concentrated positions which may compound this risk of loss of principle. The common stocks that we purchase are REIT’s, specialty finance companies, investment services companies, and master limited partnerships. These equities include companies with market capitalization less than \$500 million. These small companies also have increased risk of loss of capital.

In the speculative investment part of the portfolio we purchase Preferred stocks (usually Trust Preferred) that currently have their distribution suspended (distressed assets). Also, we purchase common stocks that used to pay a high-yielding dividend, but currently the company is not paying a dividend.

A completely separate investment model includes but is not limited to a capital markets asset allocation portfolio- which may include common stocks, mutual funds, ETF (exchange traded funds), and SMA’s (separately managed accounts).

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### **C. Client Investment Restrictitons**

In general, the equities placed in client accounts will be similar; however, the percentage of individual equities in client accounts will vary and be tailored to the individual needs of the client. Clients' may request individual securities be placed into their accounts which are not part of TMG's investment strategy. These will be held, and not charged a fee as AUM.

### **D. Subadvisory Relationships: Wrap Fee Programs**

We do participate in subadvisory relationships and/or wrap fee programs.

### **E. Assets Under Management**

We manage \$ 98,407,480 of Client assets on a discretionary basis, and no Client assets on a non-discretionary basis. These amounts were calculated as of February 14, 2015.

## **Item 5 – Fees and Compensation**

- A** We are a fee-only advisory firm, meaning we are compensated only by our Clients and do not receive compensation or commissions from any other parties. We believe this method of compensation minimizes conflicts of interest. Financial planning services are provided on request without fee as a part of the AUM fee.

Compensation to Advisor for its services will be calculated quarterly in accordance with the accompanying **Schedule A** of the Investment Advisory Agreement, which may be amended from time to time by Advisor upon 30 days prior written notice to Client. Such fees may be paid directly to Advisor from the account by Custodian. Advisor will send to Custodian the account number and fee to be deducted from the account. Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the account. Clients who hold mutual funds acknowledge understanding that mutual funds fees include but are not limited to loads, administrative expenses, and management fees- thus creating a fee-on-fee event. Fees are paid in arrears to be collected at the beginning of each quarter based upon the balance of the assets on the last day of the previous quarter.

We reserve the right to amend the fee upon 30-days prior written notice to each Client.

#### **STANDARD FEE SCHEDULE**

#### **Schedule A**

**1%**

Notwithstanding the above, fees are generally negotiable.

- B** Our fees will usually be paid directly to us from the account by the custodian holding a Client's assets upon submission of an invoice to the custodian showing the amount of fees.

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Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the account. Copies of the fee invoices will be mailed to each Client as required. Clients bear the responsibility for verifying the accuracy of fee calculations. Charles Schwab receives what they name as commission fees which are included as part of the cost of performing trades in client accounts.

- C** Client is required to pay a proportionate share of any mutual fund's fees and charges, brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us.
- D** No fees for any services are required to be paid in advance to TMG. The Investment Advisory Agreement may be terminated at any time by either party by written notice to the other party as set in the Investment Advisory Agreement. The market value of the assets will be construed to equal the sum of the values of all assets in the account, not adjusted by any margin debit. We do not charge a termination fee.
- E** We are a fee-only investment advisory firm paid on a percentage of Client assets managed. We accept no commissions, referral fees, soft dollars, or other hidden costs often associated with the money management industry. Clients may chose to purchase similar securities or investment products that are recommended by TMG through other broker or agents that are not affiliated with TMG.

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

We do not charge any performance-based fees for our services. Accordingly, this Item is not applicable to our firm.

#### **Item 7 – Types of Clients**

We provide investment advice to the following types of Clients:

- Individuals
- Pension and Profit Sharing Plans, including ERISA Plans
- Trusts, Estates and Charitable Organizations

Because each Client is unique, they must be willing to be involved in the planning and ongoing processes. Such involvement does not have to be time consuming, however we want our Clients to remain informed and have a sense of security about their investments.

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

- A** We offer advice on investments primarily including (but not limited to) the following:

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- Equity securities such as:
  - Preferred Stocks
  - Common Stock
  - Closed-end Equities
- Exchange Traded Funds
- Separately Managed Accounts
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Investment company securities:
  - Mutual fund shares
- Options contracts on:
  - Securities
- Interests in partnerships investing in:
  - Real Estate
  - Oil and Gas

Our primary goal is to create a high yielding dividend income stream. The dividend income is then re-invested in additional income generating equities thus creating additional future dividend income. The investment strategy is discussed in Item 4. Other investment strategies are also used by the firm which include a capital markets asset allocation model portfolio.

We research and analyze securities using fundamental, technical methods. The main sources of information we rely upon when researching and analyzing securities include financial newspapers and magazines; research materials prepared by others; annual reports, prospectuses, filings with the Securities and Exchange Commission; and company press releases.

**B** We will use our best judgment and good faith efforts in rendering services to our Clients. However, we cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. Clients assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understands that investment decisions made for this account are subject to various market conditions, currency, economic, political and business risks. Additionally, the investment strategy used by TMG may have increased risk of loss of capital, as discussed in Item 4.

The above language does not relieve TMG from any responsibility or liability we may have under state or federal statutes.

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Except as may otherwise be provided by law, we are not liable to Clients for:

- Any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- Any loss arising from our adherence to a Client's instructions; or
- Any act or failure to act by a custodian of a Client's account.

It is the responsibility of each Client to give us complete information and to notify us of any changes in financial circumstances or goals.

- C** While all investing involves risks of loss, as referenced above, our advisory services generally recommend preferred stock, high-yielding dividend common stock, and speculative positions. Risk with preferred stock include but are not limited to the suspension of dividends or company bankruptcy, which will result in loss of asset value. High-yielding dividend common stocks may be subject to drop in equity value when the dividend is decreased. We review the corporate performance on all equities we hold on an ongoing basis.

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

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose applicable to this Item.

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

We do not participate in any other material activities and have no other financial industry affiliations to disclose.

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

##### **Code of Ethics**

TMG has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to Clients. Prompt reporting of internal violations is mandatory. A copy of the Code of Ethics is available to any Client or prospective Client upon request. Our Chief Compliance Officer (our "CCO") administers and enforces our code of ethics.

Our code of ethics requires our supervised persons to:

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Comply with applicable federal and state securities laws

Conduct themselves with integrity and act ethically in their dealings with the public, clients and professional associates

Fulfill their duty of loyalty by acting solely in our client,s best interests

Strive to provide long-term client satisfaction

Disclose any conflict of interest

Adhere to our policies limiting the giving or receiving of gifts and business entertainment

Adhere to our policies limiting the giving of political contributions

Report any violation of our compliance manual to our CCO as soon as possible

Submit reports of securities beneficially owned by them and their related persons and submit reports of securities transactions by them and their related persons, subject to certain permitted exceptions. No reports are required for accounts held at TMG.

We prohibit our supervised persons from investing in initial public offerings, and they must receive the approval of our CCO before they invest in private placements.

### **Participation or Interest in Client Transactions and Personal Trading**

TMG or individuals associated with us may buy and sell some of the same securities for its own account that we buy and sell for our Clients. In all instances, we will purchase a security for all of our existing accounts for which the investment is appropriate before purchasing any of the securities for our own account and, likewise, when we determine that securities should be sold, where appropriate will cause these securities to be sold from all of our advisory accounts prior to permitting the selling of the securities from our accounts. On occasion if a security were to become bankrupt or cease trading during a partial sale- the shares will be allocated to all client accounts on a pro-rata basis. Some of the preferred stocks that we purchase are thinly traded, and generally these will be held in retirement accounts. In some cases we may buy or sell securities for our own account for reasons not related to the strategies adopted by our Clients.

When we are newly engaged by an investment advisory Client for whom we expect to recommend securities in which we or our principal holds a position, we will notify the new Client of its policies in respect to officers trading for their own account.

We will disclose to advisory Clients any material conflict of interest which could reasonably be expected to impair the rendering of unbiased and objective advice.

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## Item 12 – Brokerage Practices

**A** TMG may recommend/require that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although TMG may recommend/require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. TMG is independently owned and operated and not affiliated with Schwab.

Schwab provides TMG with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services **are not** contingent upon TMG committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, 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.

For TMG client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to TMG other products and services that benefit TMG but may not directly benefit its clients' accounts. Many of these products **and services may be** used to service all or some substantial number of TMG accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist TMG in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of [Advisor Firm's] fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help TMG manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to TMG. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to TMG. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of TMG personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, TMG may take into account the availability of some of the foregoing products and services and other arrangements as part of the

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total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Our Clients' assets are held by independent third-party custodians. Currently, TMG has account assets held at Charles Schwab & Co, Inc, Chase, and TD Waterhouse. For the vast majority of trading we use specific bid and ask pricing rather than the use of market orders. Our best execution policy has led us to use Charles Schwab & Co, Inc. for the primary custodian of client assets. Except to the extent that a Client directs otherwise, we may use our discretion in selecting or recommending the custodian. Clients are not obligated to effect transactions through any custodian recommended by us. In recommending a custodian we will comply with our fiduciary duty in accordance with the Securities Exchange Act of 1934, to obtain best execution and will take into account such relevant factors as:

- Price with the use of limit orders
- The custodian's facilities, reliability and financial responsibility;
- The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- Liquidity
- Trading style and strategy
- Any other factors that we consider to be relevant.

**B** We are authorized in our discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and other transactions in the same or similar securities or instruments for other Clients. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. This averaging of security price is not uncommonly used by Charles Schwab as a matter of routine. We will direct that confirmations of any transactions effected for a Client's account to be sent, in conformity with applicable law, to each Client.

### **Item 13 – Review of Accounts**

- A** Accounts are conducted and reviewed by our investment committee. Reviews are conducted at least quarterly, or at the Client's request, whichever is more frequent, and will include a review of all transactions in the portfolio for the period as well as an analysis regarding asset allocation, tax-loss harvesting, portfolio rebalancing and investment manager review.
- B** More frequent reviews may also be triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in macro-economic climate.
- C** All of our Clients receive written asset allocation reports on a quarterly or more often basis. All Clients also receive account statements from the independent custodian holding their accounts on a quarterly or more often basis.

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

A. We have no arrangements, written or oral, in which we compensate others or are compensated for investment advice. TMG does use SMA'

B. Client referrals: TMG may compensate person(s) for client referrals as per SEC rule 206(4)-3. Currently TMG does compensate a single individual for referral.

## **Item 15 – Custody**

Other than having the ability to deduct our fees from a Client's account, we do not have custody of the assets in the account and shall have no liability to the Client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. Clients understand that SIPC provides only limited protection for the loss of property held by a broker-dealer.

## **Item 16 – Investment Discretion**

Except as otherwise instructed, Clients grants us ongoing and continuous discretionary authority to execute its investment recommendations in accordance with a Statement of Investment Policy (or similar document used to establish a Client's objectives and suitability), without the Client's prior approval of each specific transaction. Under this authority, Clients allow us to purchase and sell securities and instruments in this account, arrange for delivery and payment in connection with the foregoing, and act on behalf of the Client in most matters necessary or incidental to the handling of the account, including monitoring certain assets.

Generally, Clients grant us discretionary authority to execute its investment recommendations in accordance with a Statement of Investment Policy (or similar document used to establish Client's objectives and suitability). On occasion Clients' may request that equities be placed or remain in their accounts which are not managed by TMG. These assets will not be assessed a management fee.

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

Unless specifically directed otherwise in writing by a Client, we are authorized to receive and vote proxies on issues held in any Client accounts and we receive annual reports. In general, TMG will vote in line with the recommendation of the Board of Directors for routine matters. TMG will vote on non-routine issues after considering many things based on the Management's recommendation and/ or what is best for shareholders. TMG does not have any specific political or social agenda with respect to voting proxies. Clients' may request to vote their own proxies on a continuous or periodic basis, and shall request this by simply contacting TMG.

## **Item 18 – Financial Information**

A We do not require prepayment of fees in advance from any Client for advisory services.

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- B** As noted in Item 15 above, we do not have custody of Client's funds or securities except the ability to deduct fees, and we do have discretionary authority. TMG generally holds individual equities rather than Mutual Funds. The client is informed that Mutual Funds have fees, and fees paid to TMG for Mutual Fund holdings constitute a fee on top of a fee. We have no financial commitments which would impair our ability to meet the contractual and fiduciary commitments to our Clients
- C** We have not been the subject of any bankruptcy proceedings.
- D.** Financial Planning services are provided on request. No fee is collected for this service as it is built into the AUM fee.

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

### **Item A – Principal Executive Officers**

**STEVEN R. BERANEK , CEO**

Year of Birth: 1959

#### **EDUCATION**

Bachelors of Science in Biochemistry and Biophysics, with Honors, Oregon State University

Doctor of Medicine, Oral Roberts University

#### **BUSINESS BACKGROUND**

9/2008 to Present	Investment Advisor Representative Technical Management Group, Inc. (Salem, OR)
11/2007 to 8/2008	Financial Advisor SmithBarney (Salem, OR)
9/2005 to 7/2007	Orthopedic Surgeon, Board Certified Steven R. Beranek, MD, PC (Salem, OR)
11/1996 to 8/2005	Orthopedic Surgeon, Board Certified, CEO Wiregrass Orthopedics, PC (Enterprise, AL)

#### **Industry Examinations and Professional Designations:**

Steven Beranek has previously taken and passed the following industry examinations: Series 7 and 66. In 2010 he obtained the designation of Chartered Retirement Plans Specialist<sup>SM</sup> from the College of Financial Planning<sup>®</sup>. The minimum qualifications required for this designation are provided below to assist you in

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understanding the value of the designation. This designation requires biannual renewal. It was not renewed in October 2012, and it may no longer be used as a designation.

**SHERMAN A. McNAB , VICE PRESIDENT**

Year of Birth: 1953

**EDUCATION**

BACHELOR OF SCIENCE, ZOOLOGY 1977 UNIVERSITY OF MICHIGAN

BACHELOR OF SCIENCE, PHARMACY 1980 UNIVERSITY OF MONTANA

**BUSINESS BACKGROUND**

1/3/2014 INVESTMENT ADVISOR REPRESENTATIVE

TECHNICAL MANAGEMENT GROUP

1989 TO 2013 VICE PRESIDENT/ FINANCIAL ADVISOR

MORGAN STANLEY (AND PREDECESSORS) – SALEM, OREGON

**INDUSTRY EXAMINATIONS AND PROFESSIONAL DESIGNATIONS**

SHERMAN McNAB HAS PREVIOUSLY TAKEN AND PASSED THE FOLLOWING INDUSTRY EXAMINATIONS:  
SERIES 3, 7, 9, 10, 63, AND 65.

**Item B – Other Business Activities**

Steven Beranek and Sherman McNab are not involved in any investment related business activities outside of thier employment with Technical Management Group.

**Item C – Additional Compensation**

Steven Beranek and Sherman McNab do not receive additional compensation or economic benefit from any third parties for providing advisory services to Clients of Technical Management Group

**Item D – Disciplinary Information**

Investment Advisor Representatives are required to report certain legal or disciplinary events that would be considered material to a Client's evaluation of the Representative or the Firm. Steven Beranek has no information which is required to be reported under this Item.

**Item E – Relationship to Issuers of Securities**

None.

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