

7 Fourth Street, Suite 25
Petaluma, CA 94952
Phone: 707-766-9254
Fax: 707-766-9354
Email: dobsonassetmgt@aol.com

Dobson Asset Management -Northern California

Description of General Business Practices



***Fee-Only Financial Planning,
Investment Management Advice & Research***

April 1, 2015

This brochure provides information about the qualifications and business practices of Dobson Asset Management. If you have any questions about the contents of this brochure, please contact us at (707)766-9254 or email us at dobsonassetmgt@aol.com. The information in this brochure has not been approved or verified by the United States Securities & Exchange Commission or by any state securities authority.

Material Changes Statement

This brochure gives us the opportunity to speak plainly and specifically about our services, our analysis and associated risks.

Changes from previous versions:

Page 4, A. “as of 12/31/2014, this firm was managing \$127,789,854 for 161 clients”.

Page 7, #G; 1 client, 2 owners have accounts at National Advisor Trust.

We welcome any feedback about this brochure.

Table of Contents

<i>A. Advisory Business Description.....</i>	<i>page 4</i>
<i>B. Fees and Compensation.....</i>	<i>page 5</i>
<i>C. Performance-Based Fees and Side-By-Side Management.....</i>	<i>page 5</i>
<i>D. Types of Clients.....</i>	<i>page 6</i>
<i>E. Methods of Analysis, Investment Strategies & Risk of Loss.....</i>	<i>page 6</i>
<i>F. Disciplinary Information.....</i>	<i>page 7</i>
<i>G. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</i>	<i>page 7</i>
<i>H. Other Financial Industry Activities & Affiliations.....</i>	<i>page 8</i>
<i>I. Brokerage Practices.....</i>	<i>page 8</i>
<i>J. Review of Accounts.....</i>	<i>page 9</i>
<i>K. Client Referrals & Other Compensation.....</i>	<i>page 9</i>
<i>L. Custody.....</i>	<i>page 10</i>
<i>M. Investment Discretion.....</i>	<i>page 10</i>
<i>N. Voting Client Securities.....</i>	<i>page 10</i>
<i>O. Financial Information.....</i>	<i>page 10</i>

A. Advisory Business Description

Dobson Asset Management is a Fee-Only investment management firm. Dobson Asset Management-Northern California does not receive commissions or other fees associated with client investments. The firm is owned by Christopher Dobson and Merilee Maystrovich. They are also the only firm employees. Chris and Merilee began working together 25 years ago while employed by American Express Financial Advisors. The firm was started by Chris in 1994 when he left AEFA and Merilee joined 2 years later. Their full bios are provided in the brochure supplement.

This firm specializes in working with individuals who are very close to, or are already in their retirement years. Our process is designed to assist individuals in making key financial decisions specific to providing income during retirement. Our process is described as, Retirement Planning & Investment Portfolio Design, which provides a client with a specifically designed portfolio based on the client's retirement goal and their individual investment risk tolerance. The service is provided through two to three 1 ½ hour meetings.

The firm also provides Investment Account Management which is an investment supervisory service, provided to individuals and small pension trusts. Clients receive investment account management after an investment asset allocation plan has been completed and accepted. For all clients supervisory services involve assisting clients on a non-discretionary or discretionary basis (i.e. power of discretion without custody) to maintain an investment portfolio properly structured and diversified to meet the client's needs and objectives. This service includes monitoring and adjusting portfolio allocations and researching the selection of investments. It also includes buy and sell recommendations and certain investment timing techniques that are of a general nature relating to current economic conditions. As of 12-31-2014 this firm was managing \$127,789,854 for 161 clients on a discretionary and non-discretionary basis. Most clients give the firm trading authorization to implement recommended trades in their accounts and almost all of these trades are performed after the clients have reviewed the recommendations. We still consider this a discretionary client. You can restrict our trading to be done only after you have reviewed the recommendations.

The firm also may provide general financial consulting services: In special situations, the advisor will work on an hourly basis when a client who wishes to have a specific part of their financial situation reviewed. The client may also want a second opinion or review of an existing plan.

B. Fees & Compensation

The fee range for Retirement Planning & Investment Portfolio Design is between:

\$600.00 and \$1,500.00

Fees for any service can be negotiated to a lower amount then stated above. Fees are paid after all work is completed.

Maximum Fee Schedule for Investment supervisory service:

Annual fee on the first \$499,999.9960 of a %

Annual fee on the next \$500,000.00 - \$999,999.99..... .40 of a %

Annual fee on values greater than \$1,000,000.0030 of a %

The fees for this service are billed quarterly and may be deducted from the client accounts or direct billed. Fees for any service can be negotiated to a lower amount then stated above. All fees are paid 90 days after the service begins.

Other general financial consulting services are performed with a maximum hourly fee of \$250.00 per hour.

Fees on any service are agreed upon before services are begun. Services may be terminated within 5 days from signing the contract without cost. Fees are payable upon completion of services and once paid are non-refundable. The client is under no obligation to act upon the recommendations provided. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Dobson Asset Management-Northern California. There can be fees charged by custodians and brokers that the client selects and these fees are paid by the client. Fees are also charged by the money management firms that this firm recommends as part of the client portfolios. Those fees vary and become an important part of this firm's evaluation. The firm will work to outline all fees specific to a plan before implementation. The firm may also bill for financial administration if no other service is selected. The rate for this service will be \$75.00 per hour.

C. Performance-Based Fees & Side-By-Side Management

The firm does not provide services under these arrangements.

D. Types of Clients

Typical clients of the firm are retired individuals with a net worth ranging from \$1,000,000 to \$10,000,000. Corporate clients are small business pension trusts that cover fewer than 200 employees.

New clients would generally be on the cusp of retirement with concerns about how much they have accumulated and current investment allocations. Most new clients have investment portfolios of greater than \$500,000.00 and are seeking management services for their portfolios. The firm maintains relationships with existing clients who have portfolios of less than \$500,000.00.

E. Methods of Analysis, Investment Strategies & Risk of Loss

The majority of our analysis revolves around evaluating other money management firms and the particular investment services they provide in the form of, open ended investment funds (Mutual Funds), closed end funds, exchange traded funds (ETF), and separate account managers. The evaluation process involves reviewing research provided by third parties and information derived from the money manager. The risks associated with our analysis begin with the quality of the information we receive. It is possible for an investment manager to be taking additional risks that they do not state accurately, and for our firm to identify this risk incorrectly. We also evaluate the cost and fees charged by the investment manager.

On a smaller part we will provide analysis of US common stocks and individual bonds. Several clients choose to hold these securities directly and understand the additional risks which exist when doing this. These risks exist from the change in business operations inside the company or government agency which issued the security and then the dramatic change in security price. We rely on outside sources for our information which may or may not be accurate. Clients need to understand that owning securities with varying prices have specific risks and in addition our firm may not accurately evaluate that risk.

Portfolios are recommended that encompass the use of a variety of money manager products to offset and manage risk. We generally deploy a strategic or static allocation to the portfolios. We utilize various methods to evaluate the characteristics of a particular model, which uses both historical data as well as statistical methods. Clients also need to understand that past performance is not a guarantee of future performance and that portfolio characteristics can change with rapid changes in economic conditions. We do from time to time make general allocation decision to expand or contract the portfolio risk given the firms assessment of general economic conditions. This is done with the acceptance from the individual client. Investing in securities

involves risk of loss of principal. Even with the due diligence and careful strategy evaluation applied by the firm, clients should be prepared to bear this risk.

The firm subscribes to a variety of industry leading data sources that provide information for the analysis described above. Clients are actively involved in the review of portfolio recommendations.

The firm does not recommend clients use leverage to deploy any investment strategy, though some clients accumulate short term margin balances to accommodate spending needs.

The firm does not actively engage in short term trading strategies as a means for reducing risk.

The firm at times uses stop loss strategies at the request of clients who are attempting to maintain certain asset values on specific assets.

The firm and its principals use their best efforts in the evaluation of investment strategies and portfolios. Clients should evaluate carefully this firm and its ability to carry out this objective.

F. Disciplinary Information

This firm and all employees have never been under disciplinary review. The firm has never had a dispute with any clients that resulted in an arbitration proceeding.

G. Other Financial Industry Activities & Affiliations

The principals of the firm own small interests of a custodian, National Advisor Trust. Currently 1 client and 2 owners of the firm maintain accounts held at NAT. If the firm recommends using NAT as a custodian the firm will disclose this ownership relationship and that a conflict of interest exists. The firm does not have any other industry affiliations or activities.

H. Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

Code of Ethics:

We intend to be competent, fair and honest. We will always be committed to improving our skills as planner and advisor. We will make great efforts to be honest in all of our communications and dealings. When problems between clients and the firm arise, we will work proactively to solve these problems in a fair and just manner. We will make sure that we are always in compliance with any supervisory agency or entity. We will strive to be professional and provide dignity to the profession of financial planning and the business of providing investment advice.

Our firm intends to always put clients first and avoid any issues that might complicate our ability to help clients make effective financial decisions. We practice as fee only advisors which means our compensation comes from you directly. We will identify and communicate conflicts that arise when we develop recommendations.

Client Transaction and Personal Trading:

The firm does not have an interest in any client transaction. The personal investment strategies most often used by the employees of the firm are mutual funds. The employees of the firm spend time managing assets for their respective families. Some of these assets are held in family partnerships or trust where the employees may serve as managing members or trustees. No clients outside of family are involved in these entities.

All employees of the firm disclose personal trading activity and the firm reviews this activity on a quarterly basis. Most of the disclosures are specific to individual security transactions like the selling or buying of an individual stock.

I. Brokerage Practices

Most of all client transactions are placed thru the custodians discussed in the custody section of this brochure. A small number of fixed income transactions are placed outside of these mentioned brokers and once the trade is completed the security is moved back to the custodian. This is called a "Trade Away" and a small additional fee is charged to the clients account. This firm does not receive any compensation from these transactions.

The firm, as mentioned, utilizes the services of Charles Schwab & Co and T.D. Ameritrade. These brokerage and custodial firms provide service to advisors and this firm utilizes the general research and trading service available to all advisors. We recommend these firms because we seek to provide our clients with reasonable trading costs, access to a wide range of investment services and custody of client assets. The competitive market for these services is the biggest reason for keeping cost down. Trading services can be found that are less expensive than are the services of the two providers utilized by the firm.

Some services provided by the firms mentioned above may be deemed to only benefit us, as advisors. Examples of these may be educational conferences, publications, and faced to face meetings with the firms personnel. The topics can be about business development, technology, security regulations and compliance. They also provide access to third party vendors where we can purchase services at a discounted price. We do not pay for this service, and because we recommend these firms a potential conflict of interest exists.

J. Review of Accounts

The firm will review client accounts and report that review to clients on a regular basis. The firm has divided this review process by administration and investment. One employee or advisor is responsible for one of these reviews.

Administrative reviews are performed at a minimum of monthly when statements of custodians can be matched against the portfolio tracking system used by the firm. Also daily cash and trading clearing items are reviewed by the administrative review. Quarterly the firm produces a performance report that outline the accounts held by clients and all reports are reviewed after the production.

Investment reviews are both account specific and investment strategy or manager specific. The advisor will review accounts to determine the investment allocations are consistent with meeting the client's plans and objectives. The advisor reviews outside money managers to measure performance against the funds objective, market indices and peer groups. These reviews are done on an ongoing basis.

The firm intends to meet with every client directly on at least an annual basis. Some clients meet with the firm advisor on a quarterly basis. Accounts are reviewed prior to any review meeting.

K. Client Referrals & Other Compensation

The firm has a policy to not compensate anyone referring clients. When the firm recommends other professionals the firm requires at least 3 providers. The firm does not receive any form of compensation for these recommendations.

L. Custody

The firm and the client will develop a strategy for custody of client assets. The firm has a relationship with Charles Schwab & Co, Inc. and T.D. Ameritrade where the bulk of current client accounts are held. If a client chooses to have the firm manage its portfolios under a supervised service describe previously, then this firms needs to be able to communicate electronically with the custody firm. It is mainly because of this that we recommend clients utilize the custody services of the two providers mentioned above. It is also the experience of this firm that small advisory firms like ours can only effectively manage a certain number of custodial relationships. Each month a statement will come to clients from these custodians either by email or postal mailing. Under government regulations, we are deemed to have custody of your assets if you authorize the custodian to deduct our fees from your account. The custodians maintain actual custody of all client assets and you should review your statements carefully.

M. Investment Discretion

Most of the clients have given the firm the authorization to place trades on their behalf. Most of the trades placed by the firm are done with the full understanding of the client. At times the firm will act before discussing the transaction with the client and this is investment discretion. The firm has the ability to act on its own discretion. This is always done with the intent to benefit the client. A client may restrict the advisor and the firm's investment discretion by simple request.

N. Voting Client Securities

All voting with regard to any security is the responsibility of the client. All voting materials come to clients directly from the custodians.

O. Financial Information

The actual assets owned by the firm are small, but we are not aware of any conditions that might make it difficult for us to effectively meet contractual commitments to clients.