

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

**Mark Schiffenhaus**  
**Detwiler Fenton Investment Management, LLC**  
[www.dmcoss.com](http://www.dmcoss.com)  
**100 High Street, Suite 2800**  
**Boston, MA 02110**  
**617-747-0100**

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This brochure provides information about the qualifications and business practices of Detwiler Fenton Investment Management, LLC (hereinafter “DFIM” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (617)747-0100 or at [pfenton@dmcoss.com](mailto:pfenton@dmcoss.com). 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 DFIM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for DFIM is 153808. Registration with the Securities and Exchange Commission does not imply any level of skill or training.

**Item 2: Material Changes**

There are no material changes since the last annual updating amendment submission

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## **Item 4: Advisory Business**

Detwiler Fenton Investment Management, LLC has been providing investment advisory services to its clients since 2010. Detwiler Fenton Investment Management, LLC is a wholly owned subsidiary of Detwiler Fenton Group, Inc. Mark Schiffenhaus is your investment advisory representative and may provide these services on either a discretionary or non-discretionary basis. Mr. Schiffenhaus manages accounts for each of his clients, including you, on an individual customized basis. If you have given him “discretionary authority,” he has discretion with respect to the selection of investments, including stocks, bonds, bank deposits, mutual funds, options, short positions and other securities. If you have not given him discretion, he is required to contact you prior to each transaction to discuss the transaction and get your permission before it is completed. Clients may impose reasonable restrictions on their accounts, such restrictions should be reduced to writing and agreed upon by both parties.

Detwiler Fenton had approximately \$155,055,563 in client assets under management as of December 31, 2014, for 443 client accounts ranging from individual investors to high net worth clients. Mr. Schiffenhaus personally manages approximately \$16,945,961 of these client assets representing 61 client accounts as of December 31, 2014.

## **Item 5: Fees and Compensation**

Detwiler Fenton’s fee schedule typically begins at 1.50% of the total relationship assets and adjusts downward as certain breakpoints are met, as is more fully disclosed in your investment advisory contract. Clients with multiple accounts are grouped by owner and family relationship to take advantage of said breakpoints. Mr. Schiffenhaus performs investment advisory services for other clients. Your fee may be negotiated and therefore you may pay less than the standard fee charged to other clients of Detwiler Fenton or Mr. Schiffenhaus. The investment advisory services provided to other clients of Detwiler Fenton or Mr. Schiffenhaus may differ from the services provided to you.

You pay an annual advisory fee in an amount detailed in Exhibit A of your Advisory Agreement. Unless indicated otherwise in Exhibit A, you pay the annual advisory fee quarterly in advance based upon the prior quarter’s average daily advisory asset balance.

The quarterly advisory fee will be calculated using Advent Software, Inc., a third party software vendor whose software is licensed for use by Detwiler Fenton. The fee is calculated by multiplying the average daily balance of your assets for the preceding quarter, including cash, by the annual asset management fee percentage, divided by the number of days for the calendar year, and multiplied by the number of days of the calendar quarter to arrive at the quarterly advisory fee. (For example, if your average daily balance of assets under management is \$1 million for the period January 1, 2014 to March 31, 2014, and your annual fee is 1.50%, your annualized fee would be \$15,000. If you divide \$15,000 by 365 days, your fee would be \$41.09 per day. As you are being billed in advance for the period April 1, 2014 to June 30, 2014, you would multiply your daily fee by 91 days for a quarterly fee of \$3,739.73, which would be withdrawn from your account by April 15, 2014.)

The quarterly advisory fee for any initial period where advisory assets are invested during a quarter, will be calculated based on the actual average advisory assets for the actual quarter being billed, and will be withdrawn from the advisory account approximately 15 calendar days after the completion of the initial investment period quarter. (For example, for an account with an annual fee of 1.50% opened on February 1, 2014 with an average daily balance of \$1 million for the period February 1, 2014 to March 31, 2014, the annualized fee would be \$15,000 and your daily fee would still be \$41.09. However, your initial pro-rated quarterly fee would be your daily fee multiplied by 59 days or \$2,424.66; you would be charged \$3,739.73 in advance for the period April 1, 2014 to June 30, 2014. A total of \$6,164.39 for both quarters would be withdrawn from your account by April 15, 2014.)

In the event of a termination of this Agreement during a quarter, you will receive a refund of the unearned portion of the Quarterly Advisory Fee which was billed in advance, generally by the 15th calendar day following the end of the quarter in which services are terminated. (For example, if you were to terminate your advisory agreement on May 15, 2014, in the examples above, you would have been charged for the entire period from April 1, 2014 to June 30, 2014.

You would be refunded the unused portion of your management fee for 46 days multiplied by \$41.09, or \$1,890.41.)

By entering into an Advisory Agreement with Detwiler Fenton, you have authorized us to withdraw your advisory fee from your account or accounts by the 15th calendar day following the end of the quarter. To the extent cash or other liquid assets are not available to pay your quarterly advisory fee, we will liquidate a sufficient amount of your assets to satisfy any fees that are due and payable to Detwiler Fenton.

Any amounts that a mutual fund sponsor or mutual fund pays to a Detwiler Fenton affiliated broker-dealer in respect of advisory assets held in mutual fund shares will be offset against your annual advisory fee each quarter.

#### Other Charges

Your annual advisory fee is separate from and does not include:

- Brokerage commissions
- Dealer spreads
- Ticket charges and other costs associated with the purchase and sale of securities
- Custodial fees
- Interest
- Taxes
- Other brokerage or custodial account expenses
- 

These expenses are your responsibility.

In addition to an investment advisory fee, you may incur service and other transaction costs, such as but not limited to the following:

- Retirement plan administration fees;
- Deferred sales charges on mutual funds or variable annuities initially deposited in your account; and
- Mutual fund management fees and expenses.

Payment of these fees and expenses is not offset against the advisory fee paid to Detwiler

Fenton. For a complete explanation of the fees and expenses paid to a mutual fund company, we encourage you to read the fund prospectus or to confer with Mr. Schiffenhaus. You may also incur other charges depending on the security that is purchased. These charges come from the clearing broker - we do not earn these charges.

Mr. Schiffenhaus may earn “concessions” for Initial Public Offering transactions. These are commissions that are built into the offering price and cannot be separated at the time of purchase. Your advisory fee will not be adjusted to reflect the payment of the concession. As Mr. Schiffenhaus will be earning both a concession and an advisory fee for your participation in the IPO, you can prevent this payment of fees and concessions by not participating in the IPO.

## **Item 6: Performance Fees and Side-by-Side Management**

Mr. Schiffenhaus does not charge performance fees.

## **Item 7: Types of Clients**

Mark Schiffenhaus has the following types of clients:

- High net worth and other individuals
- Trusts, estates and charitable organizations
- Corporations and other business entities

Mr. Schiffenhaus generally accepts accounts with a minimum of \$250,000 assets under management. If your portfolio falls below this amount due to withdrawal of assets by you, he may, at his sole discretion, discontinue management of your portfolio. However, on some occasions, Mr. Schiffenhaus may accept accounts with fewer assets under management.

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

### Sources of Analysis

Mr. Schiffenhaus may use multiple sources of information in connection with the investment advice he provides. These may include SEC filings, earnings conference calls, analyst days, investor presentations, press reports, press releases, third-party research and other sources. Unless specified in the Advisory Agreement, expenses for these sources will not be passed on to you.

### Investment Strategies

Mr. Schiffenhaus utilizes investment strategies to manage client portfolios on an individualized basis. Investment strategies are based on the investment objectives and risk tolerances of the individual client and may include individual securities, ETF's, bonds and alternative investments. Separately Managed Accounts are also constructed utilizing the following strategies:

### Core Strategy

The core strategy seeks long term capital appreciation by carefully selecting securities and asset classes with strong fundamentals and unique value propositions. Mr. Schiffenhaus combines a blend of proprietary and unbiased market intelligence to compile investable themes, sector trends, and a list of companies that could benefit from these ideas. Mr. Schiffenhaus uses a proprietary system that combines 20 fundamental, technical, sentiment-based factors as a risk management tool. This layer provides guidance as to the likelihood of outperforming or underperforming the market over an intermediate term horizon. The portfolio provides diversification among market sectors and

individual holdings. The weightings of each holding are determined and monitored by the strengths of the individual company metrics.

#### High Earnings Retention Model

The High Earnings Retention Strategy seeks above-average capital appreciation by investing in, and maintaining, a diversified 15-20 stock portfolio of large US securities using a rule based, systematic and quantitative series of disciplines. Mark Schiffenhaus, acting as Portfolio Manager relies on monthly signals provided by a third party analytical service provider. Companies considered for inclusion in the portfolio must be in the S&P 500 Index, must have demonstrated history of re-investing in their respected businesses (Growth Style) and must also meet certain valuation criteria. Companies are then screened by a multifactor quantitative model which assigns each potential holding a rating which indicates the company's statistical likelihood to outperform the market over the intermediate time horizon. The initial portfolio is then created with the strongest 20 constituents subject to a predefined sector diversification constraint. Each month the Model is rebalanced based on a pre-determined set of "sell and buy" criteria.

### **Item 9: Disciplinary Information**

Mr. Schiffenhaus has no material disciplinary information to report.

### **Item 10: Other Financial Industry Activities and Applications**

Detwiler Fenton Wealth Management, Inc. ("DFWM") is a registered broker dealer and a wholly owned subsidiary of Detwiler Fenton Investment Management, LLC. DFWM's offers and services mutual funds, 529 plans, and other variable securities products. All client accounts for these products will be held directly with the issuer, or their transfer agent. Additionally, DFWM offers investment banking services.

The firms have established a multi-tiered supervisory structure and developed surveillance practices to supervise its associated persons and their trading activity, their securities business and general compliance matters.

### **Item 11: Code of Ethics**

Detwiler Fenton has adopted a Code of Ethics ("Code") designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act").

This Code establishes rules of conduct for all our employees and is designed to, among other things, govern personal securities trading activities in the accounts of employees, immediate family/household accounts and accounts in which an employee has a beneficial interest. The Code is based upon the principle that we and our employees owe a fiduciary duty to you to conduct our affairs, including our personal securities transactions, in such a manner as to avoid (i) serving our own personal interests ahead of you, (ii) taking inappropriate advantage of our position with our company and (iii) any actual or potential conflicts of interest or any abuse of our position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by Detwiler Fenton and its affiliates continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

Pursuant to Section 206 of the Advisers Act, both Detwiler Fenton and our employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that we have an affirmative duty of utmost good faith to act solely in the best interest of our clients.

We and our employees are subject to the following specific fiduciary obligations when dealing with clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for your transactions where we are in a position to direct brokerage transactions for you;
- The duty to ensure that investment advice is suitable to meeting your individual objectives, needs and circumstances; and
- A duty to be loyal to you and our other clients.

In meeting its fiduciary responsibilities to you and our other clients, we expect every employee to demonstrate the highest standards of ethical conduct for continued employment. Strict compliance with the provisions of the Code shall be considered a basic condition of employment. DFWM and our affiliates' reputations for fair and honest dealing with our clients have taken considerable time to build. We recognize that this standing could be seriously damaged as the result of even a single securities transaction being considered questionable in light of the fiduciary duty owed to you and our other clients.

You may receive a complete copy of the Code of Ethics by writing:

Compliance Department  
Detwiler Fenton Investment Management LLC  
100 High St, Ste. 2800  
Boston MA 02110

## **Item 12: Brokerage Practices**

### Brokerage and Detwiler Fenton Advisory Arrangements

Detwiler Fenton Investment Management, LLC, has made arrangements with Pershing Advisor Solutions, an unaffiliated broker-dealer, to offer brokerage services to its advisory clients should they so choose. However, you can make arrangements with one or more broker-dealers to execute your brokerage transactions. We will not make your selection of executing broker-dealers as part of our advisory relationship.

Detwiler Fenton will undertake efforts to determine that you are obtaining best execution on transactions for transactions executed through Pershing Advisor Solutions. See "Best Execution" below.

### Trade Allocation for Detwiler Fenton Brokerage Arrangements

All trades for your accounts that are executed on a discretionary basis are placed first. If you do not give us discretion, are be required to request your approval prior to the trade and would contact you after executing similar transactions for other clients on a discretionary basis, typically within the same trading day, to discuss the transaction and obtain approval.



### Pricing

If you choose Pershing Advisor Solutions to execute transactions, you may be charged a minimum transaction fee of \$7.95 per transaction. Brokerage commissions and fees charged by a broker-dealer other than Pershing Advisor Solutions may be higher or lower than those charged by our affiliate.

### Best Execution and Brokerage Arrangement

You may choose which broker-dealer executes your transactions. There are benefits to having Pershing Advisor Solutions execute your trades due to our access to their platform. Although we are not responsible for the execution quality at Pershing Advisor Solutions, we will conduct a best execution review annually.

. In directing the use of a particular broker or dealer for a portion or all of the trades executed in your account, it should be understood that, with respect to the percentage of trades effected by such direction;

- DFIM will not have authority to negotiate commissions among various other broker dealers on a trade-by-trade basis,
- DFIM may not obtain volume discounts, and
- Best execution may not be achieved.
- In addition a disparity in commission charges may exist between the commissions charged to you for such trades and those charged to other clients.

These factors may affect the overall performance of your individual account.

Although Mr. Schiffenhaus manages portfolios individually according to his clients' objectives and risk tolerances, it should be understood that various portfolios may be managed in the same manner due to similarities in each client's profile. As such, if you choose our affiliated broker-dealer to execute your transactions, you have the potential advantage of your trade being aggregated with trades of other of Mr. Schiffenhaus' clients within the same or similar strategy.

Aggregation of orders may allow a broker-dealer to obtain a more favorable price. In addition, Mr. Schiffenhaus generally will place an order with a third-party broker-dealer after it has placed advisory account orders through its arrangement with Pershing Advisor Solutions. Mr. Schiffenhaus may need to adjust the amounts of securities purchased or sold due to executing transactions on an individual basis rather than as a group due to restrictions at the unaffiliated broker-dealers.

We are not compensated for directing your transactions to any broker-dealer, affiliated or otherwise.

## **Item 13: Review of Accounts**

### Recommendations

Mr. Schiffenhaus' recommendations are generally based upon his review of a security and/or an investor's investment portfolio objectives. Neither Detwiler Fenton nor Mr. Schiffenhaus maintain a "recommended" list of securities on which it has conducted research or maintain a centralized research function that is available to other Detwiler Fenton Representatives.

### Account reviews

Mr. Schiffenhaus routinely reviews his clients' discretionary accounts. He communicates with both his discretionary and non-discretionary clients at least quarterly to discuss the accounts and any changes to their investment objectives. All clients have the ability to place restrictions on their accounts at all times.

### Supervisory review

Supervision of Mark Schiffenhaus is the responsibility of Mitchell Goldfeld, Managing Director. Mr. Goldfeld is monitoring the conduct of Mr. Schiffenhaus, and to ensure employees are acting in accordance with applicable policies of Detwiler Fenton Investment Management, LLC and the financial services industry.. Should you have any questions or concerns, you may contact Mr. Goldfeld at (617)-747-0100 or via email at [mgoldfeld@dmcos.com](mailto:mgoldfeld@dmcos.com)

## **Item 14: Client referrals and other compensation**

Neither Detwiler Fenton nor Mr. Schiffenhaus pays other entities for client referrals neither is compensated for referrals to other investment advisers or services he may recommend to you, including the use of any broker-dealer to execute transactions. See Item 10 for other business activities for which Mr. Schiffenhaus may receive compensation.

## **Item 15: Custody**

Detwiler Fenton Investment Management, LLC, has made arrangements with Pershing Advisor Solutions, an unaffiliated broker-dealer, to offer brokerage services to its advisory clients should they so choose. If you choose to maintain your account with Pershing Advisor Solutions, your accounts will be carried by Pershing, LLC. If you choose to have your funds and securities held at a different broker-dealer, you may have your transactions “cleared” through a different clearing firm. Pershing, LLC, or a different clearing firm, will send you account statements directly for each account that you hold at least quarterly if there is no activity in your account, and typically by the 10<sup>th</sup> business day following the end of any month in which your account has activity. These statements will detail the investments and activity within the account for that time period. We will also send you quarterly reports detailing the account valuation and performance return over several time periods relative to selective benchmarks. The daily average of the value of the assets will be the basis for your quarterly fees.

We urge you to not only review all quarterly performance reports that you receive from Detwiler Fenton, but also to review the account statements you receive from your clearing firm. Should you find any errors or discrepancies, please let us know immediately.

## **Item 16: Investment Discretion**

If you have given Mr. Schiffenhaus investment discretion on your account as described in Item 4 above, he will not ask for your permission for each transaction that he does in your account. The benefits of giving him limited discretion over your investment decisions are detailed in Item 12.

Discretion is limited to only investment direction and he will not do any of the following without your written consent:

- Transfer money between any of your accounts;
- Transfer money into or out of your account;
- Vote proxies for any security that you may own; or
- Choose the broker-dealer that executes your trades.

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

Whether you are participating in either the nondiscretionary advisory program or discretionary advisory program, we will not vote proxies that are received from issuers for your benefit.

TEG will arrange to have any proxy materials sent to you directly if your account is held at Pershing Advisor Solutions. You will be given instructions in the investor materials detailing how to participate. Should you choose another broker-dealer to hold your securities, you will need to contact that broker-dealer for information on how to vote your securities.

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

Currently, there is no known financial condition that is reasonably likely to impair our ability to meet our contractual commitments with you. We do not have any judgments, arbitrations or other matters that we believe will materially affect our ability to provide you with the services we have agreed to provide.

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

We are an SEC Registered Investment Adviser and as such are not required to register with individual states.