

## Item 1 - Cover Page



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This brochure provides information about the qualifications and business practices of The Bogdahn Group. If you have any questions about the contents of this brochure, please contact us at (863) 293-8289, or by email at [compliance@bogdahngroup.com](mailto:compliance@bogdahngroup.com). The information contained 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 The Bogdahn Group is available at the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).



## Item 2 - Material Changes

The following items have materially changed from our last brochure, which was dated March 27, 2015.

- **Item 5 – Fees & Compensation** has been modified to clarify more specifically how we collect our fees and that our fees are separate from the other fees a client might be charged by their investment managers, custodian, or other service providers (see page 7).
- **Item 7 – Types of Clients** has been revised to state that we have no stated minimum account size or minimum fee to establish a new relationship with The Bogdahn Group (see page 8).
- **Item 8 – Methods of Analysis, Investment Strategies & Risk of Loss** has been expanded to elaborate on the types of risk analytics we utilize and review with clients (see page 8).
- **Item 10 - Other Financial Industry Activities & Affiliations** to include a new disclosure pertaining to our recommendation of investment managers to clients (see page 11).
- **Item 11 – Code of Ethics** has been revised in its entirety (see Page 11).
- **Item 16 – Investment Discretion** has been revised to include additional situations in which we will accept discretionary authority from a client (see page 14).
- **Item 17 – Voting Client Securities** has been modified to identify in what circumstances we will vote proxies for client securities (see page 14).

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## Item 4 - Advisory Business

### Who We Are

The Bogdahn Group is a 100% employee-owned, full-service registered investment advisor<sup>1</sup> offering a broad range of truly independent investment consulting services to all types of institutional clients.

### *Our History*

The Bogdahn Group was organized in September, 2000 as a Florida Limited Liability Company offering investment consulting services to institutional clients under the leadership of Joseph R. Bogdahn. In a milestone for the firm, at the beginning of 2015 majority ownership was acquired by Michael Welker as the first step of a long-planned succession. The next steps in the plan will be to broaden the ownership of the firm among more employees, which is expected to be accomplished in 2016. Today, we have a team of talented professionals with diverse business backgrounds and offices in strategic locations throughout the United States.

### *Owners*

Michael F. Welker, CEO, is the only owner of more than 25% of the company and is also the sole Manager of the LLC.

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<sup>1</sup>The term “registered investment advisor” is not intended to imply that The Bogdahn Group has attained a certain level of skill or training. It is used strictly to reference the fact that we are “Registered” as an “Investment Advisor” with the United States Securities & Exchange Commission – and “Notice Filed” with such other State Regulatory Agencies that may have limited regulatory jurisdiction over our business practices.

## Mission, Vision & Values

### ***Mission***

To represent the sole interest of our clients by redefining independence.

### ***Vision***

To be a transformational organization viewed by our clients as the pinnacle of client service by providing innovative ideas and independent, straight forward solutions.

### ***Values***

Excellence – Continually strive to improve oneself, team members and the firm.

Humility – Demonstrate modesty and respect and seek to elevate team members.

Innovative – Continually strive to improve the quality and efficiency of service.

Intentional – Thoughtful before action with every decision to reflect our goals, mission and vision.

Integrity – Exhibit honesty at all times, never compromising our values.

Introspective – Ability to critically assess oneself and improve.

Philanthropic – Serve the greater good by giving our time and resources to those that need it.

Responsible – Take accountability for completing our obligations to the firm and clients.

Service – Work as a team and willingly help others.

## What We Do

### ***Simplified Investment Decisions***

We strive to deliver our services in a customized and user-friendly format based on each client's unique needs. Using a dynamic combination of data, presentation, education and communication tools, we attempt to provide our clients with the resources and actionable recommendations that will allow them to make the most informed decisions possible.

At The Bogdahn Group, we believe in simplifying investment decisions. We have found that the most effective way to accomplish this objective is to build client "partnerships" based on understanding and trust. By taking time to meet and understand our clients on a personal level, we are able to provide them with meaningful and actionable investment guidance that produces sustainable, solid results.

While our recommendations are based on a wealth of experience and in-depth analysis, we strive to present client information in a format that is understandable and intuitive. As a result, we do not structure our presentations or communications to impress the client with our technical

knowledge and expertise, but rather to allow clients to easily recall the reasoning behind each of the recommendations we make for their portfolio.

### ***Providing Definitive Recommendations***

One of the greatest criticisms of the consulting industry as a whole is that firms are “long” on theory and “short” on execution. We continuously work to redefine this criticism by providing our clients with definitive recommendations and efficient implementation of structures and strategies.

Although portfolio decisions are ultimately implemented at the direction of the client in most cases, our process is focused on identifying and quantifying investment themes that allow for the realistic assessment of risk and the establishment of return expectations. The presentation and communication of this information is always structured toward allowing clients to make informed investment decisions they can trust.

### ***Straight Forward Solutions***

In today’s investment environment, client needs and portfolio strategies are increasingly complex. Despite these challenges, we continuously work to tailor our information and recommendations using a “straight forward” approach that results in actionable, cost-efficient client solutions.

We encourage any prospect to communicate with our clients and other industry professionals to evaluate their opinion of our services and professionalism. You will quickly discern that there is a significant difference between consulting firms and that The Bogdahn Group has a unique and enviable position in the industry.

### ***Client Service Philosophy***

To maximize the effectiveness of our recommendations, The Bogdahn Group utilizes a team-based approach to client service. However, each client will also be assigned a primary consultant that is responsible for coordinating the relationship and understanding that client’s specific needs. This client service philosophy is based on the belief that the formulation of an investment plan, coupled with prudent implementation and performance evaluation, is essential to the oversight of investment assets.

Our primary objective is to serve as the client’s advocate and guide in implementing this process. At The Bogdahn Group, we focus on creating partnerships, not customers. Our investment consulting services are specifically tailored to meet each client’s unique needs. If a client has specific investment restrictions or limitations, we work closely with the client to ensure that those unique constraints are appropriately included in the Investment Policy Statement (“IPS”). From return requirements, risk tolerance, cash flow and liquidity needs, we work with each client to implement dynamic strategies based on their portfolio through time. Through careful research

and collaboration, our focused consultants and dedicated service teams provide the key ingredients necessary for fostering and maintaining strong client-centered relationships.

In short, we work to meet all of the needs and demands of our clients by establishing a framework that simplifies their investment and fiduciary decisions.

## Item 5 - Fees & Compensation

We are not affiliated with any investment manager, insurance company, brokerage firm, custodian, administrator, or other 3rd party service provider. We simply do not engage in any soft-dollar fee arrangements or other revenue generating programs. 100% of our fee is generated from the hard-dollar annual retainer fee the client pays directly to us for our services. Invoices are sent directly to the client or their designated representative and payment is rendered to us. In no instance are fees deducted from a client account by us.

This singular “fee for services” model has allowed us to eliminate potential conflicts of interest regarding our recommendations. As a result, this model gives clients the confidence and trust that our sole focus is on providing the highest level of independent and objective investment consulting and advisory service possible.

Our hard dollar fees vary depending on the complexity of the engagement. Fees are negotiated directly with clients prior to entering into each new engagement. We do not have a minimum plan size that we will accept, nor do we have a minimum stated fee. All fees are fully disclosed and negotiated with the client in advance. Most clients’ fees are billed quarterly in arrears. However, some clients are billed for services quarterly in advance. In these instances, any unearned fee is returned to the client in the event the relationship is terminated. While some clients elect to base our fee on a stated percentage of assets under advisement, under no circumstances are our fees based on participating in a share of capital gains or appreciation of funds beyond the stated percentage of assets. Clients can terminate our advisory services at any time upon written notice.

Any other fees incurred to manage or custody client assets are the result of, and are billed by, other service providers under their separate agreements directly with the client. Such fees could include investment manager fees, brokerage fees and custody fees, among others and should all be disclosed under those separate agreements.

## Item 6 - Performance-Based Fees & Side-By-Side Management

We do not charge fees based on participating in a share of capital gains or the capital appreciation client assets under advisement.

## Item 7 - Types of Clients

The types of clients we offer advisory services to are described above under “**What We Do**” in the “**Item 4 - Advisory Business**” section. As stated in “**Item 5 – Fees & Compensation**”, we do not have minimum plan size requirements, nor a stated minimum fee for establishing a new client relationship for investment consulting services.

## Item 8 - Methods of Analysis, Investment Strategies & Risk of Loss

The focus of our strategic asset allocation is the development of “collective manager intelligence” by our research team leading to manager recommendations that are consistent and repeatable. Our dedicated research team’s sole responsibility is to conduct due diligence on current and prospective management strategies that can be utilized by clients in accordance with their Investment Policy Statement.

The open and ongoing manager due diligence process, which includes both qualitative and quantitative aspects, is focused on identifying managers and strategies that maintain a sustainable competitive advantage relative to their peers.

### Risk Control

Risk control is central to consulting, manager evaluation, and performance measurement processes. We believe that standard deviation represents only one area of investment risk and that quantitative factors often play a too dominant role in assessing a manager’s risk. In addition to assessing quantitative risk measurements, we consider operational procedures, regulatory history, compliance procedures, style consistency, manager experience, and many other qualitative factors.

### *Philosophy on Risk*

- Risk extends beyond systematic market risk (standard deviation of index returns).



- Other types of risk such as manager risk, litigation risk, liquidity risk, interest rate risk, and default risk must be recognized and mitigated.
- Risk mitigation is essential to each of our services: investment policy development, asset allocation development, manager research, and performance analysis.
- The client must understand both qualitative and quantitative risk factors.

***Risk Management at the Total Portfolio Level***

The number one factor driving the risk of an investment portfolio is the asset allocation decision. Thus, we believe it is extremely important to educate our clients on the importance of asset allocation in order to assist them in making informed and sound decisions. In addition to education we use a combination of mean variance and stochastic modeling tools to help clients understand the risks that might exist with different asset allocation structures. The goal is to build a portfolio with a diversified mix of asset classes that are not highly correlated with each other.

When the desired asset allocation structure has been determined, we then clearly define the target allocation structure in the client's investment policy statement. Risk at the total portfolio level is managed by keeping the client's asset allocation structure in compliance with its investment policy statement. We assist the client in staying compliant using our various monitoring, analytical, and reporting tools.

***Risk Management at the Individual Manager Level***

The individual managers employed by a client are the building blocks of the investment program, and they must fit within the client's asset allocation structure as determined above. To further mitigate risk, it is essential to build a roster of managers that are also not highly correlated with each other within an asset class. As such, it is essential to fully understand the factors driving a manager's performance and risk profile. To gain such an understanding of each manager we evaluate many financial and risk characteristics, including, but not limited to, the following:

- MPT statistics: Alpha, Batting Average, Beta, Correlation Coefficient, Downside/Upside Market Capture Ratio, Down/Up Market Return, Downside Risk, Information Ratio, Max Drawdown, Number of Negative/Positive Periods, R-Squared, Sharpe Ratio, Sortino Ratio, Standard Deviation, Treynor Ratio, Tracking Error, etc.
- Portfolio Characteristics: Price/Earnings Ratio, Price/Book Ratio, Price/Cash Flow Ratio, Dividend Yield, Earnings Growth Rate, etc.
- Portfolio turnover
- Portfolio concentration/number of holdings
- Sector/country allocations

- Holdings and returns-based style analysis
- Holdings-based attribution

Our evaluation and assessment process is continuous. This allows us to detect risk at the manager level and to judge if such risks are appropriate within the client's portfolio structure.

## Item 9 - Disciplinary Information

We are required to disclose disciplinary events that are material for our clients' evaluation of our advisory practices; therefore, pursuant to Item 9C of the Form ADV Part 2A: Firm Brochure, question 9.C.2 asks that we disclose:

"A self-regulatory organization (SRO) proceeding in which your firm or a management person was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500."

In December of 2008, Troy E. Brown, our Director of Consulting, entered into an Acceptance, Waiver & Consent Agreement with FINRA for actions that occurred in the Merrill Lynch branch office where he worked in 2003 and 2004. FINRA found that a subordinate associate in the Merrill Lynch branch was taking Firm Element continuing education training modules and proficiency tests for several registered representatives of that office. This was occurring unbeknownst to Mr. Brown. When he became aware of the activities by the subordinate, he immediately stopped the practice and completed all continuing education training both required and elective.

Even though FINRA noted that Mr. Brown took action on his own to correct the violation of FINRA Member Rules, which had a positive impact on the limited citation received by FINRA, the damage was already done. All of the registered representatives in that Merrill Lynch branch were cited with failure to complete the required training by FINRA. Mr. Brown was suspended from association with any FINRA Member firm for ten (10) days and required to pay a civil penalty of \$5,000.

## Item 10 - Other Financial Industry Activities & Affiliations

We are a fee for service registered investment advisor. None of our supervised persons who hold investment advisory or insurance licenses are affiliated with any broker/dealer or insurance

company and thus are not able to generate and be paid commissions. The licenses are only held as required by regulatory authorities to be able to advise clients within those states where the licenses are required.

As part of our services provided to clients we recommend other registered investment advisors to clients. However, The Bogdahn Group is never compensated in any form by the recommended investment advisors or any 3<sup>rd</sup> party for those recommendations.

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

### **Code of Ethics**

The Bogdahn Group has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at The Bogdahn Group must sign and promise to abide by the terms of the Code of Ethics annually, or as amended.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of The Bogdahn Group will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of The Bogdahn Group's clients. In addition, the Code requires pre-clearance of some transactions. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to minimize the potential for conflicts of interest between The Bogdahn Group and its clients.

The Bogdahn Group's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Richard Spurgeon, CCO at [richards@bogdahngroup.com](mailto:richards@bogdahngroup.com).

## Charitable Contributions

From time to time, The Bogdahn Group donates to charitable organizations that are affiliated with clients, are supported by clients, and/or are supported by an individual employed by one of our clients. In general, such donations are made in response to requests from clients, or their personnel. Because our contributions could possibly result in the recommendation of The Bogdahn Group or its services, such contributions may raise a potential conflict of interest. As a result, we maintain procedures that limit the dollar amount and frequency of charitable contributions and require that all contributions are tracked and made directly to the charitable organization (normally a 501(c)(3) organization). No contribution will be made if the contribution implies that continued or future business with The Bogdahn Group depends on making such contribution.

## Item 12 - Brokerage Practices

We do not maintain a custodial, or any other relationship with any licensed broker-dealer because we do not execute trades on publicly-traded individual securities. Any purchases or redemptions we direct on behalf of a client are executed by the client's independent custodian.

## Item 13 - Review of Accounts

### Performance Reports

On a periodic basis, we will provide clients with a performance evaluation of the investment(s) (herein called the Performance Report). The Performance Report reviews the performance of the clients' assets, expressed by various modern portfolio statistics that compare the performance of the investment managers to the guidelines called for by the Investment Policy Statement. The Performance Report provides historical and comparative information, and is not to be relied upon as forecast or predictor of future performance returns. Performance Reports are reviewed with the client by the Consultant or Senior Consultant who works with that Client on all matters pertaining to the relationship.

From time to time, client circumstances, securities market movements, or other external event may necessitate a review of a client's portfolio outside of a normal review cycle. In such cases the Consultant will work closely with the client to ensure that all questions and concerns are addressed and make any appropriate recommendations for client action.

## Investment Manager Reports

We will review fund data for all the investment managers on at least an annual basis, with respect to their overall performance in achieving the desired objectives of the Investment Policy Statement.

The review is directed to whether the investment manager's performance and discipline is consistent with the intent and objectives of the Investment Policy Statement. We will provide information to facilitate comparisons of the investment manager's overall performance benchmarks described in the plan's Investment Policy Statement.

The client is responsible for reviewing and understanding the information and analysis we provide and assessing the adequacy of any particular investment manager's overall performance. We will assist the client in fulfilling this responsibility.

### Item 14 - Client Referrals & Other Compensation

We do not receive any economic benefit from an independent party for our investment consulting services. In addition, we do not compensate persons/firms for client referrals.

### Item 15 - Custody

We do not take possession of or maintain custody of any funds or securities, but simply monitor the holdings within the portfolio. Possession and custody of the funds and/or securities is maintained by an independent custodian selected by the client.

### Item 16 - Investment Discretion

Most of our services under ERISA are provided as a 3(21) limited scope fiduciary. Under this arrangement we are a fiduciary to the plan but do not have discretionary authority to make investment selections or replace investment options within the plan. We provide extensive investment tools to the trustees and/or administrators of the plan to guide them in their duty to implement, maintain, administer and provide fiduciary oversight of their investment programs.

We do, however, take on the role of a 3(38) fiduciary, with discretionary authority, for some clients. In these instances, we do not execute any trades for publicly traded securities. Mutual fund

trades are executed by the client's independent custodian. If a separately managed account is employed, the investment discretion and securities trading for that portfolio is further delegated to an investment manager fully vetted by our Research Group and Investment Policy Committee.

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

For our discretionary clients, we vote the proxies for any mutual funds in the client's portfolios. Proxy voting for any separately managed account is delegated to the investment manager retained by the client at our direction.

## **Item 18 - Financial Information**

We are not required to include financial information in our Disclosure Brochure since we will not take custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200.

**END OF DISCLOSURE BROCHURE**