

# **CLF Asset Management, Inc.**

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

This brochure provides information about the qualifications and business practices of CLF Asset Management, Inc. If you have any questions about the contents of this brochure, contact us at 888-505-3956. 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 CLF Asset Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

CLF Asset Management, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

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

The material changes in this brochure from our last annual updating amendment on February 21, 2024, are described below. Material changes relate to CLF Asset Management, Inc.'s policies, practices or conflicts of interest.:

1. We have updated Item 5 Fees and Compensation to clarify our billing rate language under Portfolio Management Services.
2. We have transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

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## Item 4 Advisory Business

### Description of Firm

CLF Asset Management, Inc. is a registered investment adviser based in Madison, Wisconsin. We are organized as a corporation under the laws of the State of Wisconsin. We have been providing investment advisory services since 2016. Our equal owners are Daniel J. Determan and Simon M. Liegel.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to CLF Asset Management, Inc. and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

CLF Asset Management, Inc.'s services can be offered in a variety of ways in order to allow clients to receive the most services they can within their budget.

### Financial Consulting Services

We offer financial consulting services that primarily involve advising clients on specific financial-related topics as described below.

1. Income Analysis/Cash Flow/Budget Analysis – This can be done with an examination of expenses, loans, savings rates, and planned purchases.
2. Life Insurance Review/Disability Insurance Review – This can be done with an examination of current level of insurance. It will include a needs analysis to determine proper level of coverage and recommendations as to whether or not current level should be adjusted up or down.
3. Employee Benefits Planning – Information will be gathered from the client in regarding benefits available. Some examples include 401k, health insurance, disability insurance, life insurance, dental insurance, vision insurance etc. Each of these benefits will be examined along with a needs analysis to determine level of coverage, savings and match, and goals for that piece.
4. Investment Analysis/Asset Allocation – This service uses data aggregation and statistical analysis to provide clients a look at how investable assets are performing among peer groups. It will also provide the client a look at the current fee structure for any registered security they might be using, i.e. mutual funds, exchange-traded funds, variable annuities, etc.
5. Retirement Planning – Our process involves an in-depth look at expenses a client will incur throughout retirement. Some examples include health insurance and health care costs, transportation costs (fuel, maintenance, future automobile purchases), future or current home modifications/remodels, education planning, etc. It will also include projections to income sources like pensions, social security, rental property, etc.
6. Estate Planning – This service will be provided to help clients understand the estate planning world. It should help them identify how wills, powers of attorneys, trusts both revocable and irrevocable, health care power of attorneys can help or hinder someone when they are planning their estate. We do not provide legal advice but will provide clients advice about which estate planning vehicles MIGHT be suitable for them. This service will also shed light on the estate and asset transfer rules including taxation on asset classes.
7. Charitable Giving - Clients provide funding amounts and charitable causes they would like to contribute too. This service will help clients understand the most efficient methods to make these contributions/donations while taking advantage of some of the tax benefits associated with these types of donations.
8. Education Needs Analysis – This service will help clients understand the range of education costs today and the impact of inflating education costs in the future. This will take a college by

college approach to shed light on the varying costs among institutions. It will also allow clients to get a range of annual/monthly savings that will be needed based on their risk tolerance to hit their education need goal on time.

9. Estate Administration – This service allows trustees, beneficiaries, and executors to engage CLF as an advisor to expedite, assist, or recommend specific actions necessary to complete estate liquidations.
10. Small Business Tax Planning – This service allows business owners to engage CLF as a fiduciary consultant to navigate the complexities of the tax code to assist or recommend specific actions in an attempt to minimize US and state income tax obligations.

### **Financial Planning Services**

We offer comprehensive financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we specify long-term objectives (both financial and non-financial), we may develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

### **Portfolio Management Services**

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we will customize an investment portfolio for you according to your risk tolerance and investing objectives. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will re-balance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the

needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

#### **Automated Digital Investment Advisory**

We offer automated digital investment advisory services to clients who wish to use automated investment advisory at an online-based provider. These services are meant to include a variety of algorithmic based advisory custodians. These automated digital investment advisory services are meant to be non-discretionary in nature with minimal human intervention. They provide digital financial advice based on mathematical rules or algorithms. These algorithms are executed by software and thus financial advice does not require a human advisor. The software utilizes its algorithms to automatically allocate, manage and optimize clients' assets. Through a series of questions derived by the automated investment advisory tool, each client will provide data to that tool to help the funds be allocated within the time horizons and risk tolerance associated with that client. The ultimate decision to act will remain with the client and the digital investment advisory tool being implemented. Once an automated investment advisory service is determined, we will monitor your portfolio's performance on an ongoing basis and benchmark it against other digital investment advisory services.

#### **Wrap Fee Programs**

We do not participate in any wrap fee program.

#### **Types of Investments**

We primarily offer advice on equities, mutual funds and exchange traded funds (ETFs). Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

#### **Assets Under Management**

As of October 28<sup>th</sup>, 2024, we manage \$87,659,794 in client assets on a discretionary basis, and \$18,220,139 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

#### **Financial Consulting Services**

We charge only an hourly fee of \$195 for our consulting services. Our consulting fee is non-negotiable and payable upon completion of the agreed upon consulting services. You may terminate the advisory consulting services agreement upon written notice to our firm. Since fees are payable in arrears, you will be responsible for a prorated fee based on services performed.

Typically the hours spent for each previously described service is as follows:

1. Income Analysis/Cash Flow/Budget Analysis – Typical billing time is between two and five hours and is normally delivered within three to six weeks from the information gathering session.
2. Life Insurance Review/Disability Insurance Review – Typical billing time is between two and five hours and is normally delivered within three to six weeks from the information gathering session.
3. Employee Benefits Planning – Typical billing time is between four and eight hours and is normally delivered within three to six weeks from the information gathering session.
4. Investment Analysis/Asset Allocation – Between four and eight hours per quarter of each

calendar. For those clients who choose the hourly rate they will be billed for each hour of preparation and consultation. For those clients that choose a flat fee, they will be billed in arrears. For those that choose an asset-based charge the preparation and consultation is included in the asset based fee so no other billing will be required.

5. Retirement Planning – Typical billing time is between 10 and 20 hours and is normally delivered within three to six weeks from the information gathering session.
6. Estate Planning – Typical billing time is between four and eight hours and is normally delivered within three to six weeks from the information gathering session.
7. Charitable Giving - Typical billing time is between two and five hours and is normally delivered within three to six weeks from the information gathering session.
8. Education Needs Analysis – Typical billing time is between 4-8 hours and is normally delivered within three to six weeks from the information gathering session.
9. Estate Administration – Typical billing time is between 4-8 hours and is normally delivered within three to six weeks from the information gathering session.
10. Small Business Tax Planning – Typical billing time is between 10-20 hours and is normally delivered within three to six weeks from the information gathering session.

### **Financial Planning Services**

Some clients however would like to have comprehensive planning done. Comprehensive financial planning services require many hours of planning and the ability to charge a one-time fee with a pricing cap will allow for complex plans to be put together without the client having to worry about the amount of time they will be billed for.

We only charge a fixed fee for our financial planning services, which generally ranges from \$1,000 to \$3,000 and will be determined before signing the written agreement. Our fees are non-negotiable and payable on completion of the contracted services. We will not require prepayment of a fee more than six months in advance and in excess of \$500. Should the engagement last longer than six months between acceptance of financial planning agreement and delivery of the financial plan, any prepaid unearned fees will be promptly returned to you less a pro rata charge for bona fide financial planning services rendered to date.

Each of the eight modules offered a la carte as previously described will be presented with the corresponding fixed fees prior to the signing of the written Financial Planning Services Agreement:

1. Income Analysis/Cash Flow/Budget Analysis - \$1000
2. Life Insurance Review/Disability Insurance Review - \$1000
3. Employee Benefits Planning - \$1000
4. Investment Analysis/Asset Allocation - \$1000
5. Retirement Planning - \$2000
6. Estate Planning - \$1000
7. Charitable Giving - \$1000
8. Education Needs Analysis - \$1000

The maximum fee charged for financial planning will be \$3,000. Said another way you can get all modules for \$3,000 or pick a la carte to determine your one-time or fixed fee.

CLIENTS will determine whether they would like CLF Asset Management, Inc. to perform Financial Consulting Services or Financial Planning Services.

At our discretion, we may offset our financial planning fees to the extent you implement the financial plan through our Portfolio Management Service.

You may terminate the financial planning agreement by providing written notice to our firm. Since fees are payable in arrears, you will be responsible for a prorated fee based on services performed.

### **Portfolio Management Services**

Our annual fee for portfolio management services is a flat fee that will range from .95% to .65% of assets under management.

All clients will be billed at the annual current rates based on the following Tiered Asset Schedule:

\$0 - 499,999.99	\$500,000 - \$999,999.99	\$1,000,000 - \$1,999,999.99	\$2,000,000.00 +
.95%	.90%	.80%	.65%

This fee is non-negotiable.

Our annual portfolio management fee is billed and payable monthly in advance based on the value of your account on the last day of the previous month.

If the portfolio management agreement is executed at any time other than the first day of a calendar month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least monthly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement upon receipt of written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Non-Discretionary Alternative Asset Management**

Our annual non-discretionary alternative asset management fee is \$250.00 USD per position with a \$500.00 USD cap per account and this fee is non-negotiable. Each position identified as an "Alternative Investment" is exempted from portfolio management fee and is billed and payable within the first 90 days of the calendar year unless the initial placement of the Alternative Investment falls after the first 90 days of the calendar year. In this instance the annual fee will be applied within 90 days of the initial placement.

We will send you an invoice for the payment of our alternative investment fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our alternative investment fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least monthly. These account statements will show all disbursements from your account. You should review all statements for accuracy.



You may terminate the non-discretionary alternative investment management agreement upon receipt of written notice to our firm with transfer instructions to another qualified custodian with whom the asset can be custodied. Due to the complex nature of Alternative Investments any fees incurred prior to the receipt of the written notice and transfer instructions are non-refundable.

### **Pension Consulting Services**

Because pension consulting services can encompass such a wide variety of services (as detailed more fully in Item 4 above), our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis. Our fees are non-negotiable and based on the following level fee pricing:

\$0 - 2,499,999.99	\$2,500,000 - \$4,999,999.99	\$5,000,000 - \$9,999,999.99	\$10,000,000.00+
.75%	.65%	.55%	.45%

If a sponsored plan is larger than \$20,000,000.00, we reserve the right to negotiate the fee schedule on a case-by-case basis.

Our annual pension consulting service fee is billed and payable either monthly or quarterly in advance or in arrears based on plan sponsor options. The fee is based on the value of your account on the last day of the period.

Either party to the pension consulting agreement may terminate the agreement upon 30-days' written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given, and any unearned fees will be refunded to the client.

### **Automated Digital Investment Advisory**

We offer automated digital investment advisory services to clients who wish to use automated investment advisory service at an online-based firm. Because of the passive management involved with type of service our fee is reduced from other service models. Our fees are non-negotiable and all client money utilizing this service will be billed at .50% annually.

Either party to the automated digital investment advisory agreement may terminate the agreement upon 30-days' written notice to the other party.

### **Additional Fees and Expenses**

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

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

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products,

including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.

- a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules, so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals to include high net worth individuals, corporations, pension and profit-sharing plans.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

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

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

**Charting Analysis** - involves the gathering and processing of price and volume pattern information for a security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

**Risk:** Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

**Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can

affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

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

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

We primarily recommend equities, mutual funds, and exchange traded funds ("ETF"). However, we may advise on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with that investment.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any

combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

**Private Placements:** In a private placement, both the offering and sale of debt or equity securities is made between a business, or issuer, and a select number of investors. The investors are limited in number and must be "accredited". To qualify as accredited, an individual investor must have a net worth (excluding his or her primary residence) of at least \$1 million dollars or an annual income of over \$200,000 (or over \$300,000 in joint income with a spouse) for the two most recently completed years with a reasonable expectation of achieving the same level of income in the current year. The primary risk in a private placement is the potential lack of liquidity in shares and valued only periodically. If private placement investors want to sell their shares for cash sooner than planned, there's no guarantee that there will be a buyer. A lack of liquidity is a risk that investors in private placements face because it usually takes several years before profits materialize. Additionally, private placements generally bear the risk of partial or complete loss of capital. There is no guarantee that an investment will be profitable.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

### Arrangements with Affiliated Entities

We are affiliated with Capitol Lakes Financial, LLP through common control and ownership. Therefore, persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm. This affiliated firm is otherwise regulated by the professional organizations to which it belongs and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable

services and/or lower fees through other firms.

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

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

CLF participates in the institutional custody programs offered through Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. ("Schwab"), brokerage and custodial services of Equity Trust Company's broker-dealer ETCBrokerage, and MTG, LLC dba Betterment Securities. In all cases, the recommended Custodian is a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that the recommended Custodian provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the Custodian, including the value of the Custodian's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the

value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

### **Portfolio Management Services**

Simon Liegel, Chief Compliance Officer (CCO) and Daniel Determan, Chief Financial Officer (CFO) of CLF Asset Management, Inc. will monitor your accounts respectively on an ongoing basis and will conduct account reviews at least monthly, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,



- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance. You will receive trade confirmations and monthly statements from your account custodian(s).

### **Financial Planning Services**

Beyond the delivery of your written financial plan we do not provide financial plan reviews.

### **Custodians and Brokers We Use for Automated Digital Investment Advisory**

#### **Betterment for Advisors**

CLF Asset Management, Inc. (“we”/“our”) does not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15—Custody, below). We may recommend that our clients use MTG, LLC dba Betterment Securities (“Betterment Securities”), a registered broker dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Betterment Securities. Betterment Securities will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we may recommend that you use Betterment Securities as custodian/broker, you will decide whether to do so and will open your account with Betterment Securities by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Betterment Securities, then we cannot manage your account on Betterment for Advisors (defined below).

#### **HOW WE SELECT BROKERS/CUSTODIANS**

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including: Capability to execute, clear, and settle trades (buy and sell securities for your account) itself or to facilitate such services. - Capability to facilitate timely transfers and payments to and from accounts. Availability of investment research and tools that assist us in making investment decisions. - Quality of services. - Competitiveness of the price of those services and willingness to negotiate the prices. - Reputation, financial strength, and stability. - Prior service to us and our other clients.

#### **YOUR BROKERAGE AND CUSTODY COSTS**

For our clients’ accounts that Betterment Securities maintains, Betterment Securities generally does not charge you separately for custody/brokerage services, but is compensated as part of the Betterment for Advisors (defined below) platform fee charged for a suite of platform services, including custody, brokerage, sub-advisory services provided by Betterment and access to the Betterment for Advisors platform. The platform fee is an asset-based fee charged as a percentage of assets in your Betterment account. Clients utilizing the Betterment for Advisors platform may pay a higher aggregate fee than if the investment management, brokerage and other platform services are purchased separately. Nonetheless, for those Clients participating in the Betterment for Advisors platform, we have determined that having Betterment Securities execute trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction

based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

#### SERVICES AVAILABLE TO US VIA BETTERMENT FOR ADVISORS

Betterment Securities serves as broker dealer to Betterment for Advisors, an investment and advice platform serving independent investment advisory firms like us. Betterment for Advisors also makes available various support services which may not be available to Betterment’s retail customers. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Betterment for Advisors’ support services are generally available on an unsolicited basis and at no charge to us. Following is a more detailed description of Betterment for Advisors’ support services:

##### 1. SERVICES THAT BENEFIT YOU.

Betterment for Advisors includes access to a range of investment products, execution of securities transactions, and custody of client assets through Betterment Securities. Betterment Securities’ services described in this paragraph generally benefit you and your account.

##### 2. SERVICES THAT MAY NOT DIRECTLY BENEFIT YOU.

Betterment for Advisors also makes available to us other products and services that benefit us, but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts, such as software and technology that may: – Assist with back-office functions, recordkeeping, and client reporting of our clients’ accounts. In – Provide access to client account data (such as duplicate trade confirmations and account statements). – Provide pricing and other market data. – Assist with back-office functions, recordkeeping, and client reporting.

##### 3. SERVICES THAT GENERALLY BENEFIT ONLY US.

By using Betterment for Advisors, we will be offered other services intended to help us manage and further develop our business enterprise. These services include: – Educational conferences and events. – Consulting on technology, compliance, legal, and business needs. – Publications and conferences on practice management and business succession. [

#### OUR INTEREST IN BETTERMENT SECURITIES’ SERVICES

The availability of these services from Betterment for Advisors benefits us because we do not have to produce or purchase them. In addition, we don’t have to pay for Betterment Securities’ services. These services may be contingent upon us committing a certain amount of business to Betterment Securities in assets in custody. We may have an incentive to recommend that you maintain your account with Betterment Securities, based on our interest in receiving Betterment for Advisors and Betterment Securities’ services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Betterment Securities as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities’ services (see “How we select brokers/custodians”) and not Betterment for Advisors and Betterment Securities’ services that benefit only us. [

## Item 14 Client Referrals and Other Compensation

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

We may receive a non-economic benefit from Betterment for Advisors and Betterment Securities in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment Securities. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of Betterment for Advisors and Betterment Securities' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

**Custody Program Services and Other Benefits:** CLF receives economic benefits from Schwab in the form of the support products and services they make available to CLF and other independent investment advisors whose clients maintain their accounts with them. These services and other benefits are described above (see Item 12- Brokerage Practices). Occasionally, custodians reimburse CLF employees who are invited to their conferences as invitees or panel members for the travel, lodging and meal expenses they incur. The custodians also offer other services, on occasion, intended to help us manage and further develop our business enterprise including support with technology, research, marketing or compliance consulting related expenses. The benefits received by CLF or its personnel accepting these reimbursements does not depend on the amount of brokerage transactions directed to the custodian. Clients should be aware, however, that the receipt of economic benefits by CLF or its related persons in and of itself creates a conflict of interest and may indirectly influence CLF's recommendation of the custodian for custody and brokerage services.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least monthly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. Billing practices can vary with each custodian. Custodial fees to consider include but are not limited to buying and selling transactions, holding alternative assets (real estate, physical metal, private equity, venture capital, etc.), margin, technology related costs, options, transfers, inactivity, wire transfers, and many more. Fee cycles can be monthly, quarterly, annually, or one-time depending the nature of the transaction involved.

We will also provide statements to you reflecting the amount of the advisory fee deducted from your account. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or

industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

## **Additional Information**

### **Your Privacy**

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

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

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

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

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive

written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies, contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

**Trade Errors**

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

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.