

**Form ADV Part 2A: Investment Advisor Brochure**

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**This brochure provides information about the qualifications and business practices of BirdRock Asset Management. If you have any questions about the contents of this brochure, please contact us at (512) 236-0071. 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 BirdRock Asset Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for BirdRock Asset Management is 138872.**

**BirdRock Asset Management is a registered with the SEC as an 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.**

## **Summary of Material Changes**

BirdRock Asset Management is now doing business as BirdRock Wealth.

The fee section has been updated to reflect householding options. And minimum aggregate assets has been increased to \$250,000 from \$100,000.

Information on firm and partner participation alongside clients in private placement issues was added to the Code of Ethics section.

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## **Advisory Business**

### *A. Advisory Firm*

BirdRock Asset Management (“BRAM”) began its business in 2006. Its principal owners are Stephen K. Levy, Jr. and Heather Justman. We are a limited partnership formed under the laws of the state of Texas. A limited partnership is typically controlled by its general partner. Our general partner is a Texas limited liability company named BirdRock Asset Management, LLC. Mr. Levy and Ms. Justman are also the principal owners of BirdRock Asset Management LLC. Starting in Fall 2023, BRAM began doing business as Birdrock Wealth.

### *B. Advisory Services*

BRAM provides investment advice and both discretionary and nondiscretionary supervisory services. Advisory services are limited to advising clients on equities, options, debt instruments, governmental securities, mutual fund shares and exchange traded funds to provide proper diversification and to meet the client's stated investment objectives; and advising high net worth individuals in the management and valuation of certain business and real estate holdings. Primary services are equity investment management and asset allocation management. In these areas we offer three core strategies:

1. Small Cap Value Our philosophy is that value investing provides investors with the best, risk-adjusted investment returns over the long term through active management. As investors in a volatile asset class (equities), we believe investors should approach investing with prudence and foresight by taking a forecasted and/or a contrarian approach to quantitative and qualitative information, information that may be interpreted differently by other interested parties.

The firm’s philosophical bias stems from an emphasis on achieving positive return consistency vs. each strategy’s benchmark to generate excess alpha, and correspondingly, minimizing downside risks within the portfolio. A critical tenant of our investment philosophy is to avoid large drawdowns during difficult market conditions as reflected with downside capture metrics.

The BirdRock Small Cap Value (SCV) Strategy is a discretionary long only equity product utilizing no leverage with investments in 40-60 smaller capitalized companies (\$300mm - \$2.5B) trading on U. S. exchange(s). The benchmark is the Russell 2000 Value Index. The investment process is most characterized as bottom up fundamental and employs both quantitative and qualitative screening/research elements utilizing both traditional and relative value metrics/screens, some of which are proprietary.

The process is consistent, repeatable and time tested. In addition, though benchmark sector weights are noted, they are rarely “the” key determining factor with respect to portfolio weights unless absolutely warranted. The portfolio will usually have varying exposure to all sectors; however, not to a mandated tracking error requirement. Sectors are capped at 40%, Industries at 30%, position limit is 7% and cash within portfolio up to 5%.

2. Large Cap Value Our philosophy is that value investing provides investors with the best, risk-adjusted investment returns over the long term through active management. As investors in a volatile asset class (equities), we believe investors should approach investing with prudence and foresight by taking a forecasted and/or a contrarian approach to quantitative and qualitative information, information that may be interpreted differently by other interested parties.

The firm’s philosophical bias stems from an emphasis on achieving positive return consistency vs. each strategy’s benchmark to generate excess alpha, and correspondingly, minimizing downside risks within the portfolio. A critical tenant of our investment philosophy is to avoid large drawdowns during difficult market conditions as reflected with downside capture metrics

The BirdRock Large Cap Value (LCV) Strategy is a discretionary long only equity product utilizing no leverage with investments in 30-50 large-cap companies (<\$6.0B market cap) trading on U. S. exchange(s). The benchmark is the Russell 1000 Value Index . The investment process is most characterized as bottom up fundamental and employs both quantitative and qualitative screening/research elements utilizing both traditional and relative value metrics/screens, some of which are proprietary. A company’s earnings revision information, is a key driver for company inclusion into our LCV strategy and to remain so within.

The process is consistent, repeatable and time tested. Given this strategy is concentrated (30-50 stocks), benchmark sector weights are noted. However, they are rarely a key determining factor with respect to portfolio weights unless warranted. The portfolio will usually have varying exposure to most sectors; however, not to a mandated tracking error requirement. Further, the weighting of a security within a given sector (typically 3-5%) is also not a significant factor for determination and adhering to portfolio IPS sector guidelines. Sectors are capped at 40%, Industries at 30%, position limit is 7% (typically trimmed 4%-6%) and cash within portfolio up to 5%.

3. Tactical Asset Allocation Strategies These are primarily custom ETF (exchange traded fund) allocations. In this area we offer actively managed, top down, risk based portfolios that are managed to adjust to changing market conditions. These strategies are geared toward investors seeking a diversified, risk-controlled investment solution.

The portfolio's flexible strategic asset allocation allows investors to depart from an overweight equity position should market conditions deteriorate. Conversely, as market conditions improve, the equity allocation within the portfolio can be increased to take advantage of rising stock prices.

4. Financial Planning BRAM offers financial planning models to certain high net worth individuals upon request. Strategies are formulated using a quantitative model and discussed in detail with the client. If the client agrees with the strategy, BRAM is responsible for implementing the investment portion only. Any other recommendations would be left to the client's discretion to adopt. There is no cost to clients for this service.

#### *C. Client Specific Tailoring:*

We provide advisory services to clients with a wide variety of needs. Clients may request asset allocation tailoring for their specific needs or may set their own asset allocations. Clients may also impose restrictions on investing in certain types of securities and may have a large amount of control or full control over the securities selected if they wish.

If a client wishes for us to tailor our advisory services to their needs and grants us full discretion in doing so, the Tactical Asset Allocation Strategies discussed in B above are typically used, sometimes in conjunction with the Small Cap Value and/or Large Cap Value portfolios, although we will occasionally do custom stock/ETF portfolios that do not fit into those strategies. We will assess the clients risk tolerance based on both a written questionnaire completed by the client, and our one-on-one conversations with the client. The nature of transactions, portfolio holdings, timing, and strategy employed for a given client account may differ from those actions taken, or strategies employed, for other clients, portfolios or accounts. We may manage each client account independently from all other accounts.

#### *D. Wrap-Fee Programs:*

BRAM is neither a sponsor of nor a manager of any WRAP-Fee programs.

#### *E. Total Client Assets:*

As of December 31, 2023 BRAM managed \$125,560,959 in discretionary assets and \$3,507,339 in nondiscretionary assets.

## **Fees and Compensation**

### *A. Compensation:*

The current fee schedule for retail clients is as follows:

Up to \$250,000 is 1.25%  
\$251,000 - \$500,000 is 1.15%  
\$501,000 - \$1,000,000 is 1.00%  
\$1,000,000 - \$2,000,000 mil is 0.95%  
\$2,000,000 - \$5,000,000 is 0.90%  
>\$5,000,000 is 0.80%

Clients who engaged BRAM as an investment advisor prior to the establishment of the current minimum fees will be held to the fee schedule in place at the time their contract with BRAM was signed. Fees are negotiable at BRAM's discretion.

All clients are eligible for fee "householding", which will allow them to combine assets for a smaller fee. All accounts that BRAM manages, and charges a fee on, for immediate family members (spouses and children) can be aggregated to determine the fee percentage. For example:

Acct #1	Husband account	\$175,000
Acct #2	Wife account	\$200,000
Acct #3	Son account	\$100,000
Acct #4	Daughter account	\$75,000
		<hr/>
		\$550,000

In this case, the \$550,000 total would be used to determine the fee percentage and the lower fee of 1.15% would be charged for all accounts.

### *B. Fee Payment:*

Typically, fees will be withdrawn from the client's account on BRAM's behalf by the client's custodian. However, under certain circumstances, such as when BRAM advises on an account from which fees are not allowed to be withdrawn, the client may be responsible for paying BRAM directly, or for authorizing the custodian of other accounts to withdraw fees. Clients may also request to write a check for fees rather than having them withdrawn from their accounts.

### *C. Calculation of Fees:*

Fees are calculated quarterly in arrears by taking the balance of each individual account as of the end of the most recent quarter and multiplying it by 25% of the current annual fee. Fees are calculated on an Excel spreadsheet that is viewed by at least 2 employees every quarter. New accounts are verified with their respective advisor for both annual fee and fee start date before being billed. Quarterly fees are compared to those of the previous quarter to check for significant fluctuations that might point to errors.

When new clients come on at a time other than the beginning of a quarter, fees are assessed based on the part of the month in which the account arrives. Accounts arriving on or before the 15th of the month will be charged for the full month. Accounts arriving after the 15th will not begin to accrue fees until the next month. Fees will then be charged by multiplying the full quarterly amount by  $\frac{2}{3}$  (for accounts at BRAM during two out of the three months) or by  $\frac{1}{3}$  (for accounts at BRAM during one out of three months). Accounts that arrive during the first 15 days of a quarter will be charged for the full quarter.

#### *D. Other Fees:*

BRAM fees do not include custodial charges, which may vary. All custody of assets will be handled by a third party. Those expenses will be charged separately by the custodian. Fees and expenses charged by mutual funds, exchange traded funds, other funds, ADRs, and investment companies in which the account may invest are additional to BRAM management fees. Commission costs for trades will be reflected on the net cost of the security and may vary by custodian and/or broker/dealer used.

#### *E. Timing of Fee Payment:*

Fees are payable and assessed quarterly in arrears and typically withdrawn 3-4 weeks after the end of the quarter. Fees are calculated by multiplying the total quarter-end market value of the account inclusive of stocks, bonds, cash equivalents, mutual funds and all other assets, by the relevant percentage and dividing such product by four (4).

#### *F. Additional Disclosures:*

Neither BRAM nor any of its supervised persons accepts compensation for the sale of securities or other investment products. In addition, neither BRAM nor any of its supervised persons accepts performance-based compensation.

BRAM does receive compensation from some separate account managers who subscribe to the real-time holdings of its Small Cap Value and Large Cap Value strategies.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act, which are laws governing retirement



accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### **Performance-Based Fees and Side-by-Side Management**

Neither BRAM nor any of its supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle).

### **Types of Clients**

#### *A. Types of Clients:*

BRAMs clients consist of individual persons, institutions, businesses, retirement plans, and wrap-fee program sponsors.

#### *B. Requirements for Opening or Maintaining an Account:*

All accounts or account relationships are subject to minimum initial balances. BRAM will typically not accept clients whose total assets at BRAM would be less than \$250,000. However, BRAM will sometimes accept lower account values on a case-by-case basis and for an increased fee. BRAM also imposes a minimum annual per client fee unless an alternative arrangement is negotiated.

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

BRAM manages small and large cap value equity portfolios for its clients as well as tactical asset allocation strategies that consist of mutual funds and/or exchange traded funds of various types.

The small and large cap value portfolios are managed with value-oriented strategies that look for pricing inefficiencies in out-of-favor companies or companies with little or no Wall Street coverage. Stocks are screened using quantitative metrics including cash flow, price/sales, relative price/earnings, and debt to capital.

Although BRAM believes strongly in these methods, they are not guaranteed to be profitable and investment value may fluctuate. Due to market conditions, the portfolio may decline in value causing a loss of principal.

The primary risk factor associated with the small and large cap value portfolios is common factor risk, with the common factor being market capitalization. During periods of time when small or large cap stocks as a whole are not performing well, BRAM may have a harder time finding companies that will outperform.

BRAM has several guidelines and risk control factors in place to mitigate other common factor risks and systematic risk: limiting industry exposure to 25% and sector exposure to 35% helps to mitigate correlations within the portfolio; individual positions are typically trimmed before reaching 5%, but must be trimmed upon reaching 7%.

Tactical asset allocation strategies consist of allocations of certain percentages to stocks, bonds, and occasionally other securities such as commodities. Allocations are based on the individual client's needs and the portfolio manager's belief about prevailing market conditions. Clients may set their own asset allocation if they choose to do so.

Securities selected for asset allocation strategies are exchange traded funds and/or mutual funds, depending on the clients asset size and preference. As with the small and large cap value portfolios, the value of these securities may fluctuate. Exchange traded funds and mutual funds are essentially baskets of securities and the value of those securities will change.

It is BRAM's goal that the value of all its portfolios will increase over time, but this is not guaranteed, and losses may be incurred which the client must be prepared to bear.

BRAM attempts to select mutual funds and exchange traded funds with low or no commissions whenever possible, and we trade through Charles Schwab whenever possible, who charges no commission on equity trades. However, some equity trades and some mutual fund or exchange traded fund trades may bear a commission charged by the executing broker, particularly for clients who bring in securities from another adviser when they come over to BRAM. The client should also be aware that more heavily traded accounts, whether due to client or to BRAM initiated trades, are likely to bear higher commissions. In addition, trading and receipt of dividends, interest payments, and capital gains distributions within taxable accounts may cause the client to incur a tax liability despite the fact that the client has not withdrawn funds from the account.

### **Disciplinary Information**

Neither BRAM nor any of its supervisory persons has been subject to disciplinary action from any regulatory agency, or any civil or criminal court.

### **Other Financial Industry Activities and Affiliations**

Not applicable.

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

#### *A. Code of Ethics*

BRAM has adopted the Code of Ethics promoted by the CFA Institute. A copy of the Code of Ethics is available to any client or prospective client upon request.

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

BRAM related persons may buy or sell securities for themselves that they also recommend to clients. Typically, BRAM will make block trades for all accounts in which both client assets and BRAM related person assets are traded together and receive the same purchase or sale price. However, no security may be bought or sold by a principal, employee, or immediate family member of an employee of BRAM before BRAM clients' accounts have had the opportunity to make such transactions as appropriate. All BRAM principal and employee trades will be reviewed by the compliance officer.

To prevent conflicts of interest, all employees of BRAM must comply with the firm's Code of Ethics and Policies and Procedures which impose restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. BRAM will also maintain quarterly reports on all personal securities transactions, except transactions in investment company securities and/or other exempt transactions.

Notwithstanding the above, BRAM, and/or their officers, directors or employees may purchase for themselves similar or different securities as are purchased or recommended for investment advisory clients of BRAM. In addition, different

securities or transactions may be affected or recommended for different investment advisory clients of BRAM.

Particularly in the case of private placement investments – BRAM and/or its partners may invest its/their own funds in certain private placement investments from time to time and may also inform high net worth clients about the availability of those investments. However, private placements investments are not suitable for all investors and the fact the BRAM and/or its partners are invested in a particular private placement may constitute a conflict of interest if clients invest in it as well. In addition, clients should not assume that firm and/or partner participation in a private placement issue constitutes CCO approval of the investment for all parties. However, BRAM will document the decision-making process around any such private placements and this documentation may be obtained by any client upon request at any time.

### **Brokerage Practices**

A. Broker-Dealer Arrangements: We seek to obtain best execution in selecting broker-dealers to make client trades. Best execution may be defined as the execution of transactions in such a manner that the client's total cost or proceeds in each transaction are the most favorable under the circumstances. We consider the following primary factors in selecting a broker/dealer:

- a. Client preference: Some clients, such as pension plans or other clients that are institutions, have very specific broker/dealer preferences and we will honor that whenever we can,
- b. Applicable commission costs and other transaction costs (which may not be the lowest available but which will not ordinarily be higher than a generally prevailing competitive range),
- c. Timeliness of trade executions,
- d. Efficiency and accuracy of clearance and settlement processes,
- e. Ability to provide data on trade executions,
- f. Overall responsiveness, and
- g. Custodian requirements. For example, some custodians for smaller accounts require that trades be executed through them directly rather than using an outside broker/dealer.

#### *Research and other Soft Dollar Benefits:*

BRAM does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

#### *Brokerage for Client Referrals:*

Neither BRAM nor BRAM related persons receive client referrals from a broker-dealer or broker-dealer related third party.

*Directed Brokerage:*

BRAM does not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer. However, most of BRAMS clients are located at the same custodian and brokerage transactions are executed through that custodian for the sake of convenience to both the client and BRAM.

*B. Aggregation of Trades:*

When large purchases are made for multiple accounts, BRAM will typically purchase or sell securities across client accounts in an aggregated transaction, also known as a block trade. Each client that participates in the order must do so at the average price for all transactions, must share transaction costs on a pro rata basis based on participation in the transaction, and will be charged the applicable commission rate, if any.

If the order cannot be executed in full in a single day, the securities actually purchased or sold by the close of each business day are allocated pro rata to each participating account unless the number of shares executed is very small. In cases where only a small number of the total order of shares is executed in one day, we will do our best to allocate the executed shares in such a way as to minimize commissions. This may mean that some accounts participate in trades on different days than others.

If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer. BRAM's best execution policy applies for all transactions, blocked or single.

Transactions for any client's account will not be aggregated for execution if the purchase is very small and therefore unlikely to materially affect the price of the security, or if the practice is prohibited by, or inconsistent with that client's arrangement with BRAM, or with BRAM's order allocation policy. In addition, transactions for a client that has directed the use of a particular broker or dealer, and transactions for accounts over which we do not have discretionary trading authority may not be aggregated for execution.

**Review of Accounts**

- A. *Frequency of Review:* Securities are reviewed daily. Accounts are generally reviewed quarterly, or in some cases more often for alignment with both the client's investment objectives and prevailing market conditions.

*Reviewers:* Accounts are reviewed by Stephen K. Levy, Jr., President, Chief Compliance Officer, and Chief Investment Officer for accuracy, completeness, and suitability.

- B. *Level of Review*: The level of such review is determined by client need, market conditions, and BRAM's discretion.
- C. *Factors which Trigger a Review*: Various factors trigger an account review, including but not limited to preparation of quarterly performance, client communication, and financial and/or market conditions.
- D. *Nature*: BRAM sends reports to clients that contain asset allocation details, portfolio holdings and balances and fee withdrawal amounts, if any, upon request. In addition, monthly statements are furnished by the custodian which include all transactions taking place during the month and balances. Clients are encouraged to carefully review all statements and compare the custodial statements with statements received from BRAM for accuracy. Typically reports are sent electronically but may be sent via paper mail upon client request or given out in paper if BRAM meets with the client face-to-face.

#### **Client Referrals and Other Compensation**

BRAM does not receive economic benefit from any non-client for providing investment advice.

BRAM still compensated a former solicitor for legacy client referrals. However, BRAM no longer engages the services of 3<sup>rd</sup> party solicitors.

#### **Custody**

BRAM is considered to have custody over certain client assets solely because of the ability to deduct client fees from those accounts. BRAM does not have any other type of custody over client assets. Clients will receive monthly statements from their primary custodian that include BRAMs fees and clients are highly encouraged to review those statements.

#### **Investment Discretion**

Following the execution of a limited power of attorney and signing of BRAM's Agreement for Investment Advisory Services, BRAM will accept discretion over a client's account with regard to trading and fee payments. Clients may place as many restrictions over this discretion as they wish – subject to agreement with BRAM prior to BRAM's obtaining discretionary authority – or may give BRAM full trading and fee payment authority.

### **Voting Client Securities**

BRAM does not currently vote proxies on behalf of its clients but may make recommendations to clients from time to time on how to vote if the client requests. Proxy voting materials are typically sent to the client by the primary custodian or the transfer agent for the securities, not by BRAM. The custodian or transfer agent will sometimes copy BRAM on these materials but does not typically do so. If clients have questions about these documents, they may contact BRAM by phone at (512) 236-0071.

### **Financial Information**

BRAM does not require prepayment of any fees and does not have a financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients.

### **Supplemental Information**

None.