

**Item 1 – Cover Page**

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**January 17, 2024**

Bason Asset Management  
Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Bason Asset Management. Please contact James Osborne, President at (720) 446-8555 or [james@basonasset.com](mailto:james@basonasset.com), if you have any questions about the contents of this brochure. 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 Bason Asset Management is available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Bason Asset Management is 165450.

## **Item 2 – Material Changes**

### ***Annual Update***

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

### ***Material Changes since the Last Update***

Since the last ADV Annual update filing of February 14, 2023, the firm had the following change: Bason Asset Management closed its office in TX and opened an office in West Virginia.

### ***Full Brochure Available***

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 720-446-8555 or by email at: [james@basonasset.com](mailto:james@basonasset.com).

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#### **Item 4 - Advisory Business**

Bason Asset Management (Bason) was formed in 2012 in Lakewood, Colorado. The principal owner is James Osborne. We have no public or privately-owned affiliated companies. Bason provides portfolio management and financial planning services, including investment advice to individuals and families and ERISA retirement plans. Portfolio management services, provided under Bason's Asset Management Agreement, include initially reviewing clients' existing investment portfolios and other data, developing an investment policy statement, providing investment recommendations consistent with clients' stated financial objectives, and implementing these recommendations at a third-party custodian (see Custody on page 8). Portfolio management services also include the ongoing monitoring of the investment portfolio, including quarterly account performance reporting, asset allocation analysis and updating, rebalancing and tax-loss harvesting recommendations, and annual portfolio review meetings with clients. Investment recommendations are primarily limited to open-end mutual funds and exchange-traded funds, but we also serve to help clients with existing positions in individual stocks. We do not advise our clients to invest in individual stocks and bonds.

All client portfolios are customized and built for each individual relationship, although many clients will hold similar securities and allocations. The portfolio construction process begins with a discussion of the client's goals and risk tolerance to determine a suitable long-term investment portfolio. We do not participate in wrap fee programs and investment management fees are not linked to a client's portfolio value.

Bason provides fiduciary services, including 3(21) and 3(38) fiduciary services, to ERISA retirement plans, including profit sharing 401(k) plans and defined benefit plans. These services include investment plan offering review and selection, model portfolio development, monitoring and management and regular compliant reporting to plan sponsors. Reporting includes plan benchmarking and 408(b)(2) fee and service disclosure.

Financial planning services include retirement income planning, education funding planning, stock compensation planning, insurance needs analysis, multi-generational financial planning, and philanthropic planning.

When Bason provides 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 and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Bason operates under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

As of December 31, 2023, Bason had assets under management of \$616,320,226 in discretionary assets and \$1,841,510 in non-discretionary assets.

#### **Item 5 - Fees and Compensation**

Bason Asset Management is compensated only by the fees paid by its clients. Bason and its representatives are not affiliated with a broker/dealer or insurance broker, and as such do not carry licenses necessary to receive securities or insurance commissions. Fees for services provided under

Bason's Asset Management Agreement currently include an initial flat fee for initial portfolio design and set-up that ranges from \$1,500 and \$3,000 depending upon the scope and complexity of the services required and an ongoing annual fee of \$5800 per client or \$1450 per quarter. Unless waived, the flat fee for initial portfolio design and set-up is due at the time Bason provides the client with the initial planning recommendations, and such fee is payable by check or ACH. Ongoing annual fees for services provided under Bason's Asset Management Agreement are paid quarterly in advance, and should a client terminate the relationship with Bason, the unearned portion of the retainer fee will be refunded. Clients terminating their contract with Bason within the first five days are entitled to a full refund. Clients may elect to pay this fee directly or have the fee deducted quarterly from investment accounts. Please refer to Item 15 for information regarding fees deducted from investment accounts. Our fees are not tied to the value of the client's investment portfolio. We feel strongly that this structure is the most equitable to investors and helps to reduce the conflicts of the asset-gathering model. Bason's retainer fee is negotiable under certain circumstances.

Clients may incur fees from the custodian selected to provide services related to record keeping, tax reporting and statement production. These fees may include IRA and retirement account annual fees, nominal trade ticket charges or banking fees. No portion of these fees is retained by or remitted to Bason.

Clients who choose not to engage Bason for services under the Asset Management Agreement may choose to engage Bason for financial planning services on a per-project basis. A typical project engagement fee is \$3,000 - \$4,000 and is billed in arrears not less frequently than quarterly. Clients may terminate this agreement within 5 calendar days of signing and receive a full refund of any unearned fees paid. Clients otherwise terminating this agreement outside of the 5-day window will receive a pro-rated refund of unearned fees.

#### **Item 6 - Performance-based fees**

As Bason is committed to a passive investment philosophy, we do not charge performance-based fees.

#### **Item 7 - Types of Clients**

Our firm works primarily with individuals and families but also serves retirement plans, foundations, endowments, and other non-profit organizations.

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

Research proves that passive investing works for all investors, regardless of size or scope. Our investment strategy begins with a general long-term acceptance of the Efficient Market Hypothesis, which states that the primary driver of a portfolio's risk and return characteristics is determined by asset allocation, and not security selection. As countless studies have proven, active management as a whole underperforms the market portfolio and attempting to pick investments or investment managers which will outperform the market is more an act of luck than skill. To protect our clients from the needless costs of active management and the inevitable underperformance that results, clients are advised to invest in passive strategies, also known as index funds. The primary vehicles recommended to Bason clients are mutual funds, which includes exchange-traded mutual funds.

As with any stock-based investment, mutual funds, including passively managed mutual funds, carry the risk of losses. While we can reduce company-specific risk through diversification, eliminate manager-risk with passive portfolios and reduce overall portfolio volatility with a broad mix of stocks, bonds, and other assets, we cannot eliminate the risk of fluctuation that comes with investing in stocks and bonds. It is always possible in any given week, month, or year that an investor's portfolio value could be less than the previous period. The Efficient Market Hypothesis dictates that it is this *market risk* that offers investors potential long-term rewards, so we aim to reduce other previously mentioned risks wherever possible.

#### **Item 9 - Disciplinary Information**

Neither James Osborne nor any employees of Bason have ever been convicted of, pled guilty or no contest to any felony or misdemeanor in a criminal or civil action in any foreign or domestic court. Neither James Osborne nor any employees of Bason have ever been part of a proceeding before the SEC or any other industry regulatory agency. Neither James Osborne nor any employees of Bason have ever been part of a self-regulatory organization's proceeding.

#### **Item 10 - Other Financial Industry Activities and Affiliations**

Neither James Osborne or any employees of Bason are registered, or applying to register, as a broker-dealer, or registered representative of a broker-dealer, or futures commissions merchant, commodity pool operator, or commodity trading advisor.

Neither James Osborne or any employee of Bason has a relationship with a broker dealer, municipal securities dealer, government securities dealer or broker, investment company, outside investment adviser, banking or thrift institution, accounting firm, law firm, insurance agency, pension consultant, real estate broker, sponsor, or syndicator of limited partnerships.

Bason receives no compensation from outside investment advisers and receives no compensation other than the fees paid by the firm's clients.

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

As a Registered Investment Adviser, Bason has a fiduciary duty to its clients. In the simplest of terms this means that our first obligation is to put the client's needs above all other interests or conflicts. Bason takes our fiduciary duty very seriously and has built our business model around our obligation to minimize conflicts of interest with our clients and to truly make recommendations that are in their best interests.

Bason's owner and employees will adhere to all federal and state securities laws and regulations. All Bason related persons will be held to the highest standard of conduct and shall not withhold pertinent information from clients regarding securities recommendations, act to deceive or defraud any client or outside party, or otherwise partake in any activity with the intent to deceive or defraud any regulatory body, government office or client.

Bason's owner and employees may buy or sell securities for themselves which are also recommended to clients, which represents a conflict of interest. In efforts to avoid conflicts of interest, Bason monitors and supervises the personal securities transactions of all employees and its owner. Monitoring is conducted by James Osborne, President and Chief Compliance Officer of Bason. Bason retains records of all securities transactions conducted by employees and owners. For compliance purposes with regulations, all employees and the owner are considered "access persons" whose transactions will be monitored.

As a matter of principle, Bason's owner and employees are to withhold public comment regarding advice on individual securities, as to avoid conflicts of interest when these comments may enrich the Bason associated person.

### **Item 12 - Brokerage Practices**

In general, price (cost of commissions) and trade execution are the primary drivers of a decision to recommend broker-dealers for client transactions. We work primarily with Charles Schwab Institutional but can work with a variety of broker-dealer custodians at our client's request.

Soft dollars: Bason may receive an economic benefit from external sources in the form of the support products and services they make available to us and other independent investment advisors. The availability to us of an external source's products and services is not based on our offering particular investment advice or buying particular holdings for our clients. Bason does receive research or products and services from Schwab in connection with client securities transactions. This includes securities research and a trading platform. As a practice, Bason does not rely on the research provided by Charles Schwab. The trading platform provides significant business efficiency which benefits our clients. As well, it is very common for custodial broker-dealers to provide trading access to client accounts. All broker-dealers that our clients work with provide investment transaction and pricing data so that we can accurately track investment performance.

Bason does not receive client referrals from any broker-dealers.

Directed Brokerage: While Bason would permit clients to request directed brokerage, the majority of our clients are individuals who generally have transactions executed at Schwab. Bason does not encourage directed brokerage, which is more common for mutual fund or pension fund managers regularly trading equities.

Trade Aggregation: We manage individual portfolios and not "model" portfolios. However, we will aggregate ETF trades, when possible, to obtain best execution. If Bason decides to purchase or sell the same security for several clients at approximately the same time, allocations are done in an equitable fashion, typically on a pro rata basis.

### **Item 13 - Review of Accounts**

James Osborne or the assigned advisor for each client reviews each client's portfolio no less frequently than once per quarter. At the end of each quarter Bason generates an updated Asset Allocation analysis

and trailing period performance report for all investment management clients. The Asset Allocation report is then compared to the client's signed Investment Policy Statement to analyze the variance from the target portfolio allocation. Additionally, performance is compared to broad market averages to ensure that the client is capturing as much of the long-term return of the market as possible. Clients will also receive quarterly statements from their custodian (i.e. Charles Schwab). Accounts are also reviewed during an annual portfolio review meeting with the firm's clients.

#### **Item 14 - Client Referrals and Other Compensation**

No one outside of Bason's owner and employees provides investment advice to Bason clients (exclusive of outside relationships our clients may choose to have). Bason does not compensate outside parties for client referrals. This includes existing clients or other outside professionals (such as CPAs, attorneys, etc.). Bason does not share revenue or pay "finders fees" for client referrals.

#### **Item 15 - Custody**

Bason does not take physical custody of client assets or provide custodial services apart from authorized fee withdrawals. All clients work with a third-party custodian for handling of cash and securities, from which clients receive monthly (or quarterly) brokerage statements, and tax reporting. Clients of Bason are encouraged to regularly compare their portfolio values reporting on Bason quarterly portfolio reports with the statements generated by the custodian to ensure accuracy. Clients who elect to have fees deducted from custodial accounts recognize that this fee is \$5,100 per year, billed quarterly at \$1,275 and is charged in advance. Clients will sign a management agreement to authorize this fee deduction. Clients will receive quarterly invoices detailing this fee and its calculation, as well as quarterly statements from the custodian showing this fee debited from their accounts.

The Firm may, at times, have constructive custody of assets to the extent it uses standing letters of authorizations ("SLOA's) for third-party money movement with the client's custodian.

#### **Item 16 - Investment Discretion**

As outlined in our Asset Management Agreement, Bason accepts discretionary authority over clients' investment portfolio under our management, including the type of security and number of shares. However, we prefer to discuss all transactions with clients before any trades are placed in client accounts. Having discretion over mutual fund and ETF trades allows us to be more flexible for those clients who prefer not to discuss each trade with us.

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

Bason does not proxy vote for our clients' investment positions. Clients will receive proxy solicitations directly from the custodian. We are happy to discuss these solicitations with our clients.

Further, we will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise, or monitor class action or other litigation involving client assets.



**Item 18 - Financial Information**

Bason does not collect asset management fees for a period of greater than one quarter and is not required to disclose a balance sheet. Bason has no outstanding liabilities or financial impairments that would inhibit our ability to provide promised services to clients. Bason does not require or solicit prepayment of fees of more than \$1,200 per client, six months or more, in advance.