

**Setchfield Asset Management  
Part 2A of Form ADV  
Firm Brochure**

**Setchfield Asset Management  
392 Aruba Circle, Unit 101  
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303-627-1099  
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[www.setchfieldassetmanagement.com](http://www.setchfieldassetmanagement.com)**

**March 5, 2024**

Setchfield Asset Management, (we, us, our) is an investment advisor that is registered with the State of Colorado. Registration with the state or SEC does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Setchfield Asset Management (SAM). If you have any questions about the contents of this brochure, please contact us at 800-252-2925. The information in this brochure has not been approved or verified by the SEC or by any state authority.

This brochure details important disclosure information about certain programs that we offer. We do not offer other programs that are not discussed in this brochure.

Additional information about Setchfield Asset Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Setchfield Asset Management is IARD #113289.

## Item 2: Material Changes

Since the annual update filed on March 9, 2023, the following are material changes:

- Item 4 has been updated to reflect current assets under management (AUM).
- Item 12 has been amended to remove references to TD Ameritrade, which merged with Schwab in September 2023.

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## Item 4: Advisory Business

Setchfield Asset Management (“SAM”) is an investment advisor registered with the Securities and Exchange Commission (SEC). Being registered does not mean that SAM is endorsed by any regulatory authority.

Representatives of SAM are required to be registered in each state where the client resides, according to each state’s requirements.

Setchfield Asset Management was founded in 1996, and is a private company owned by Steven Setchfield and Cindi Jacobs.

At Setchfield Asset Management we provide a fee based platform for clients that allow us provide model portfolios, sector rotation, and asset allocation strategies. These models are selected and monitored by SAM.

We also provide portfolio management services for a fee which include:

- Assistance in selecting a portfolio manager
- Ongoing evaluation and review of managers
- Evaluation and review of portfolio composition
- Management of accounts
- Financial Planning
- Active portfolio management

Portfolio management includes designing a portfolio through buying and selling stocks, bonds, mutual funds, options, managed futures, insurance products, private placements, and other securities

At SAM we tailor our advisory services to the individual needs of clients, taking into account your investment goals and needs when recommending any advisory product or service. Our intention is to provide you with products and services that will help you to meet your goals and needs. We will gather personal information when helping you choose a product or service. This information may include:

- Your investment experience
- How soon you need the money
- Your current financial situation including income and net worth
- Your ability to lose money, and withstand markets fluctuations
- Your personal instructions regarding your future needs

Clients may impose certain restrictions on investing in certain securities or types of securities if SAM, in its sole discretion, determines that requested restrictions will not interfere with our ability to effectively manage your investments.

We offer portfolio management on discretionary and non-discretionary basis. Discretionary means that we buy and sell securities in client accounts without first contacting the client. Non-discretionary means that we first contact the client before executing securities transactions. Please refer to Item 12: Brokerage Practices for a discussion of the difference in trading practices between discretionary and non-discretionary accounts. As of 12/31/2023, SAM manages \$135,000,000 on a discretionary basis, and \$5,000,000 on a non-discretionary basis, for a total of \$140,000,000 under management.

## Item 5: Fees and Compensation

The fees and other charges that you pay for advisory products or services that we offer will depend on several different factors. The fees for advisory products are generally based on the “Assets under Management.” This means the account is charged based on the account balance as the last business day of the quarter. The fees are deducted directly from the account. The accounts are billed in arrears. The account statements you receive from the custodian will reflect the deduction of these fees.

Some assets in your account may not be included in the calculation of your advisory fee. With approval from our management, we will allow you to hold an asset in your advisory account without being charged the advisory fee.

Management fees are negotiable at the sole discretion of SAM.

### *Fee Accounts:*

Fees will range from .50% to 2.00% annually, and each client’s fee will be specified in their advisory agreement.

### *Other Fees and Expenses*

Based on the activity in your account, you may pay more or less for a managed account than if you had a brokerage account or an account held directly with a mutual fund company. SAM will discuss which option is appropriate for you.

Clients will incur transaction charges for trades executed by their chosen custodian. These transaction fees are separate from our firm’s advisory fees and will be disclosed by the chosen custodian. Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund’s prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive any portion of these fees.

### *Conflicts of Interest*

SAM buys and sells securities that we also recommend to clients. This is a conflict of interest, in that we may have the opportunity to receive a more favorable price than the client. SAM mitigates this conflict by our policy of always giving the client the lowest price, or the same price that SAM received.

Steven Setchfield is licensed to sell insurance and may receive commission compensation from insurance products that he recommends to clients. This is a conflict of interest. This conflict is mitigated by the following:

- SAM will always act in clients’ best interest, as required by our fiduciary duty;
- SAM will disclose commission compensation from insurance products to clients;
- Clients always have the right to decide whether to implement insurance recommendations; and
- Clients always have the right to purchase insurance products through another agent, and are under no obligation to purchase through SAM.

## Item 6: Performance-Based Fees

SAM does not charge performance-based fees.

## Item 7: Types of Clients

At SAM we provide investment advice for individuals, high net worth individuals, 401k plans, profit sharing plans, corporations and businesses.

### *Account minimums*

SAM does not impose an investment minimum for our services, however we reserve the right to reject clients regardless of account size. Some of the institutional money managers may require an account minimum.

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

### **Analysis**

We manage client assets based on several factors. These sources include technical and fundamental analysis. Dorsey Wright & Associates provides the technical risk management, and we use Value Line, Morningstar, to determine the fundamentals of a particular security.

- **Fundamental Analysis** – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- **Technical Analysis** – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.

### **Strategies**

We use a momentum/relative strength strategy, ranking approximately 25 different indexed mutual funds, ETFs, and individual securities, and we buy the top 20% in our ranking. We rotate or rebalance on a monthly or quarterly basis, depending on market conditions.

### **Types of Risk**

#### *Strategy Risks*

There can be no assurance that any investment strategy will result in the desired outcomes or protect against loss. Strategies that rely on more frequent trading may incur higher transaction costs than more passive investment strategies.

#### *Investment-Specific Risks*

- **Mutual Funds:** The client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). SAM has no control over the risks taken by the underlying funds in which client's invest. Indexed funds may not track underlying benchmarks as expected.

- **ETFs:** Prices may vary significantly from the Net Asset Value due to market conditions. Indexed Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above (premium) or below (discount) their net asset value, and ETFs purchased at a premium may not sell at a premium but at a discount; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.
- **Individual Securities:** Stocks may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring, could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

#### *General Investing Risks*

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### *Assessing Risk*

While some types of risk can be mitigated by investment strategies, many of these risks cannot be eliminated completely. We will work with you to make sure that you are comfortable with the risks associated with your account.

### *Risk of Loss*

You should know that all types of securities investing involve risk. Your account value will fluctuate and will increase and decrease over time. You should not invest in any product if you are not prepared to bear a potential loss.

Past performance does not guarantee future results.

## Item 9: Disciplinary Information

Setchfield Asset Management has no legal or disciplinary events to disclose.

## Item 10: Other Financial Industry Activities and Affiliations

Steven Setchfield is licensed to sell insurance and may receive commission compensation from insurance products that he recommends to clients. This is a conflict of interest. This conflict is mitigated by the following:

- SAM will always act in clients' best interest, as required by our fiduciary duty;
- SAM will disclose commission compensation from insurance products to clients;
- Clients always have the right to decide whether to implement insurance recommendations; and
- Clients always have the right to purchase insurance products through another agent, and are under no obligation to purchase through SAM.

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

### *Overview*

We have adopted a Code of Ethics (COE) to establish rules of conduct for all employees of SAM. The COE recognizes our fiduciary responsibility to our clients. The COE instructs all employees to conduct their affairs in such a manner as to avoid:

- Serving their own interests ahead of clients' interests
- Taking inappropriate advantage of their position
- Engaging in unacceptable actual or potential conflicts of interest

We do not permit our employees to solicit or recommend transactions in a security in which that employee has a material financial interest.

Our employees may, however, invest in the same securities that clients purchase. This conflict of interest is mitigated by our COE, which states clients will receive pricing preference on all trades. Our employees will not receive a better price on trades. We have surveillance systems in place that detect trading patterns between supervised persons and clients.

A copy of our COE is available upon request by calling Steve Setchfield at 303-627-1099.

When we provide investment advice to you regarding your retirement plan account or individual retirement account (IRA), 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. 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.

\* It should be noted that the fiduciary duties enumerated above do not differ from those we observe in all our advisory activities.

## Item 12: Brokerage Practices

Our firm does not maintain custody of client assets. Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, our firm has an arrangement with Charles, a qualified custodian from whom our firm is independently owned and operated. Schwab offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Schwab enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Schwab does not charge client accounts separately for custodial services. Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client's custodial account. Transaction fees are negotiated with Schwab are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise.

SAM requires that clients use either Schwab for custodial services. Not all advisors require clients to use a specified custodian.

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

Schwab makes certain research and brokerage services available at no additional cost to our firm. Research products and services provided by Schwab may include: research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

Schwab does not make client brokerage commissions generated by client transactions available for our firm's use. The aforementioned research and brokerage services are used by our firm to manage accounts for which our firm has investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to our clients, our firm will at all times put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and has determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Our clients may pay a transaction fee or commission to Schwab that is higher than another qualified broker dealer might charge to effect the same transaction where our firm determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided to the client as a whole.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

#### *Directed Brokerage*

We do not permit clients to direct us to execute trades through a specified broker/dealer, or to choose a custodian other than Schwab. Client-directed brokerage may cost clients more money and cause them to forego certain benefits. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

### *Aggregation of Client Trades*

In an effort to both obtain best execution and deliver the best possible service to you, we will aggregate client trades when appropriate. Aggregating trades will not affect the transaction charges, and we will average price our aggregated trades.

Please note that trades for non-discretionary accounts are not included with aggregated (“block”) transactions for discretionary accounts. SAM will execute block trades for discretionary accounts before obtaining client approval for non-discretionary trades in the same securities. As a result, non-discretionary accounts may receive less consistent trade execution than discretionary accounts.

## Item 13: Review of Accounts

SAM reviews client accounts no less frequently than quarterly. Steven Setchfield conducts account reviews. Accounts are reviewed for ongoing suitability, asset allocation, and performance. When we are notified of changes in client circumstances, we will also review the relevant client accounts to ensure ongoing appropriateness of investments and strategies.

More frequent reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

At SAM, we may also provide you with reports created by Albridge Wealth Reporting Solutions (“Albridge”). Albridge is a reporting vendor that we have contracted with to enable us to create reports for your accounts. Our custodians will provide account statements on a monthly or quarterly basis. We strongly urge each client to review custodian statements, and to contact us immediately with any questions.

## Item 14: Client Referrals and Other Compensation

SAM does not pay anyone for referrals to us, and is not paid by anyone to refer clients to them.

## Item 15: Custody

SAM does not hold your accounts, securities or any other assets. Your accounts are held by a qualified custodian who will send you account statements no less than quarterly. Clients are urged to carefully review custodian statements.

For clients who pay fees by direct deduction from their investment account(s), we are deemed to have “constructive custody.” In order for us to collect fees by direct deduction, we must: 1) have the client’s written authorization to do so, 2) send the client an itemized notice or invoice showing fee amount, the time period, amount of assets, and calculation for the fee, and 3) the client will receive custodian statements at least quarterly that show the fee deduction for comparison.

## Item 16: Investment Discretion

Depending on which advisory product you choose, you will grant us one of two levels of trading authorization:

Limited trading authority

No trading authority

### *Limited Trading Authority*

If you select limited trading authority, SAM will rebalance your account based on our discretion and in line with your level of suitability. Usually this will apply to mutual funds and our quarterly rebalancing.

### *No Trading Authority*

SAM will notify you of any transactions prior to the transactions.

## Item 17: Voting Client Securities

We do not accept authority to vote client proxies. However, we may aid you in filling out the proxies.

## Item 18: Financial Information

We do not require the prepayment of fees.

### *SAM financial Condition*

There are no financial conditions that would impair our ability to meet our contractual commitments to you. Should any arise, we will notify you according to SEC guidelines.

### *Voluntary Arbitration*

Voluntary agreement to arbitrate does not constitute a waiver of the investor's right under the Investment Advisors Act of 1940, the Colorado Securities Act, or similar statutes or rules.

## **Setchfield Asset Management**

### **Part 2B of Form ADV Brochure Supplement**

**Steven T. Setchfield**

**392 Aruba Circle, Unit 101**

**Bradenton, FL 34209**

**303-627-1099**

**800-252-2925**

**[www.setchfieldassetmanagement.com](http://www.setchfieldassetmanagement.com)**

**Updated: March 5, 2024**

This brochure supplement provides information about Steve Setchfield. Its supplements Setchfield Asset Management accompanying Form ADV brochure, which you should also have received. Please contact Setchfield Asset Management at 303-627-1099 if you have any questions about the Form ADV brochure or this supplement, if you did not receive the firm's ADV 2A Brochure, or if you would like to request additional or updated copies of either document.

Additional information about Steven Setchfield also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Steven Setchfield is CRD #2270971.

Steve Setchfield's Biographical Information  
President and Investment Adviser Representative  
Year of Birth: 1970

Formal Educational after High School  
Metropolitan State, Finance Major, 1992

Business Background

8/1996 to Present  
President, Setchfield Asset Management

8/1994 to 8/1996  
Investment Advisor, Kemper Securities

8/1992 to 8/1994  
Investment Advisor, RAF Financial

6/1989 to 8/1992  
Investment Advisor Assistant, Shearson Lehman Brothers

Disciplinary Information

Mr. Setchfield has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Setchfield or Setchfield Asset Management.

Other Business & Personal Activities

Steven Setchfield is licensed to sell insurance and may receive commission compensation from insurance products that he recommends to clients. This is a conflict of interest. This conflict is mitigated by the following:

- SAM will always act in clients' best interest, as required by our fiduciary duty;
- SAM will disclose commission compensation from insurance products to clients;
- Clients always have the right to decide whether to implement insurance recommendations; and
- Clients always have the right to purchase insurance products through another agent, and are under no obligation to purchase through SAM.

Steve is a Colorado native and enjoys skiing and other outdoor activities. Over the past several years he has been a volunteer Big Brother for Big Brothers/Big Sisters of Colorado and an assistant wrestling coach in the Cherry Creek School System. In 2003, Steve was a living kidney donor to his uncle who was suffering from Polycystic Kidney Disease (PKD).

Additional Compensation

Other than advisory fees and insurance commissions (see above), Mr. Setchfield receives no additional compensation from any other business activities.

Supervision

Mr. Setchfield is the sole advisory representative and Chief Compliance Officer for SAM. As such, he is self-supervised, and will follow all legal and regulatory requirements.