

# Asset Dedication, LLC

(A Registered Investment Adviser) Disclosure Brochure

March 18, 2024



This brochure provides information about the investment advisory business and employee backgrounds of Asset Dedication, LLC. If you have any questions about the contents of this brochure, please contact Brent Burns at (866) 535-0897. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Asset Dedication can be found on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or by searching for “Asset Dedication, LLC”, or the Firm’s CRD number, which is 151988.

Registration as an investment advisor does not imply a certain level of skill or training.

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**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. There are no material changes since the last annual amendment in March 31, 2023.

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## **Item 4 – Advisory Business**

### **Description of Advisory Firm**

Asset Dedication, LLC (“Asset Dedication”) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed in 2002 under the laws of the State of Delaware. Headquartered in San Francisco, California, The Firm is owned and operated by Steve Huxley, Managing Director of Research; Brent Burns, President and Chief Compliance Officer; Jeremy Fletcher, Managing Director, Investments; Dan Yeoman, Managing Director, Product Development.

### **Description of Advisory Services**

Asset Dedication offers investment management and financial planning services using the Asset Dedication strategy. The Asset Dedication strategy seeks to achieve a client’s long - term goals by synchronizing equity securities with investment-grade fixed income securities that match the client’s cash flow needs.

Asset Dedication provides sub-advisory investment management services to clients of third-party investment advisors (“Third-Party Advisors”) who have contractually hired Asset Dedication. Asset Dedication also provides some advisory investment management and financial planning services through Investment Advisor Representatives who are employees of Asset Dedication, (“In-House Advisors”).

### **Working with Asset Dedication**

The following process is applicable to Asset Dedication's management of client assets:

1. Investment Advisory Agreement – Prior to Asset Dedication providing investment management services, the client and/or the Advisor will be required to enter into a formal agreement with Asset Dedication. Asset Dedication works with clients in the following ways:
  - A. Asset Dedication has a direct investment management agreement with the client that authorizes Asset Dedication to charge the account for the amount of Asset Dedication’s investment management fee and to directly remit that management fee to Asset Dedication;
  - B. Asset Dedication has a direct investment management agreement with the client that authorizes Asset Dedication to charge the account for both the Third-Party Advisor’s management fee and Asset Dedication’s investment management fee and to directly remit the Third-Party Advisor its fee and Asset Dedication our fee
  - C. Third-Party Advisors charge clients for their management fee and Asset Dedication’s investment management fee and remit Asset Dedication’s fee to us.
2. Custodial (Separate Account) Agreement – Prior to Asset Dedication providing investment management services, the client will be required to enter into a separate account custodial/clearing agreement with the broker-dealer/custodian (“custodian agreement”) in order for the broker-dealer/custodian to custody the client’s account assets. The custodian agreement may authorize the broker-dealer/custodian to debit the account for the amount of Asset Dedication’s investment management fee and to directly remit that management fee to Asset Dedication;
3. Financial Planning – Before having Asset Dedication manage an account for a client, the

client's Advisor will obtain information sufficient to determine the client's financial situation and investment objectives;

4. Portfolio Based on Client's Plan – The Advisor will direct Asset Dedication to implement a portfolio strategy that they determine is the best fit for the client's financial plan. Asset Dedication employs the Critical Path Analysis Data Sources, which uses historical index data from multiple providers to create a historical audit of an investor's specific financial scenario;
5. Termination -- The investment advisory agreement between Asset Dedication and the client and/or Advisor will continue in effect unless terminated by either party by written notice in accordance with the terms and conditions of the investment advisory agreement. Any investment management fee shall be prorated through the date of termination.

## **Types of Investments**

Asset Dedication provides investment strategies using the following types of securities:

- U.S. government and agency bonds, including inflation-indexed bonds
- Investment-grade municipal bonds
- Investment-grade corporate bonds
- Equity securities (i.e. public company stocks)
- Exchange traded funds (ETFs)
- Open-ended mutual fund shares
- Certificates of deposit
- Money market mutual fund shares for cash equivalent positions

## **Client Assets Managed by Asset Dedication, LLC**

The amount of client assets managed by Asset Dedication totaled \$2,538,962,898 as of December 31, 2023, all assets being managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

### **Fee Schedule**

Asset Dedication charges clients an investment management fee based upon a percentage of the total assets (including cash) being managed by Asset Dedication. The annual investment management fee rate charged will vary depending upon the assets under management and the specific type of investment management services and strategy selected.

- For clients of Third-Party Advisors, the maximum investment management fee is 0.35%.
- For clients of In-House Advisors, the maximum fee schedule is 1.85% of assets under management. Affiliated Advisors may charge clients additional flat fees for financial planning and other services in addition to or in lieu of the investment management fee.

Investment management fees are negotiable on a case-by-case basis.

Fees are usually payable at the beginning of each quarter, commonly referred to as in advance, and deducted directly from the client's account. Asset Dedication may bill the client's account at the end of the quarter, commonly referred to as in arrears, if that is the agreement with the client's Advisor. Some Third-party Advisors may prefer to deduct client fees directly and remit Asset Dedication's fee.

Asset Dedication uses the ending value of each account on the last day of the previous quarter to calculate the quarterly fee. Fees for the initial quarter are pro-rated based upon the number of days that services are provided.

The client's Advisor may charge investment management fees that are different from other Advisors that use the services of Asset Dedication. Variations in Advisor compensation may be due to the level of services the Advisor provides to the client. Such arrangements, and the terms and conditions thereof, are determined between the client and their Advisor.

### **Payment of Fees**

Asset Dedication is responsible for the calculation of its portion of the management fees it charges. Management fees are paid via one of the following three ways:

1. In circumstances where Asset Dedication is charging fees directly to client accounts Asset Dedication charges the client's account(s) for its management fees, and the payment is debited from the client's account(s) by the custodian, and then sent to Asset Dedication by the custodian.
2. In circumstances where Asset Dedication is charging both its fees and those of the Advisor directly to client accounts Asset Dedication charges the client's account(s) for its management fees, as well as the Advisor's fees, and the payment is debited from the client's account(s) by the custodian, and then sent to Asset Dedication by the custodian. Asset Dedication then sends the Advisor's portion of the management fees to the Advisor.
3. In circumstances where the Advisor charges a management fee and the Advisor pays Asset Dedication for its services directly. Payments happen in the following ways:
  - A. The client's Advisor bills the client's account(s) or invoices the client for its management

fees, as well as Asset Dedication's fees. The Advisor then sends Asset Dedication's portion of the management fees to Asset Dedication.

- B. Asset Dedication charges the account on behalf of the Advisor and deducts its fee before sending the remainder to the Advisor

## **Other Costs of Investing**

- In addition to portion of the advisory fees retained by Asset Dedication, each client's Third-Party Advisor is paid its own advisory or other related fees;
- Clients with assets held in registered investment companies (mutual fund shares and exchange traded funds) have internal fees and expenses;
- In circumstances where clients are invested in mutual funds, trades are charged by their account custodian for transactions in their account(s). These charges may come in the form of commissions, mark-ups, and redemption fees. Clients may also be charged fees and expenses for certain types of accounts, such as IRA and other qualified retirement plan fees;
- Asset Dedication and the Advisor have limited choices of cash sweep products available at the primary custodians, Charles Schwab & Co. and Fidelity Institutional. Custodians for annuity products are similarly limited;
- Asset Dedication does not receive any portion of the brokerage commissions or transaction fees charged, or any of the fees assessed by the third parties listed above.

## **Item 6 – Performance-based Fees**

Asset Dedication does not charge or accept performance-based fees. For example, Asset Dedication does not share in capital gains or capital appreciation of the assets held within a client's account(s).

## **Item 7 – Types of Clients**

Asset Dedication services the following types of clients:

- Individuals
- High net worth individuals
- Trusts, Estates or Charitable Organizations
- Small Institutions or corporations

In House Advisors may have minimum asset size requirements in order to service accounts.

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

Asset Dedication utilizes cash-matching approach to client's income needs using fixed income securities. For equities, Asset Dedication primarily uses an asset class-based approach to investment analysis. Asset class-based analysis is a method of evaluating assets based on their type (stocks, bonds, commodities, REITs), and other risk factors including size (market capitalization) and style (value or growth). In other words, portfolios are constructed based on the long-term expected return characteristics of the underlying asset class. Each asset class is designed to be broadly diversified with the goal of reducing risks associated with individual issues.

Our investment approach is long-term in nature which means clients should expect to hold investments over a number of years that is based on the client's long-term investment plans.

## Risks of Investing

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should not assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves the risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Asset Dedication does not represent, guarantee, or imply that its services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities that include:

**Market and Liquidity Risks.** Where the portfolio needs to be liquidated at a point when interest rates have risen, causing prices to fall for the bond portion of the portfolio, or prices have fallen for the stock portion of the portfolio. In addition, stocks, bonds, and ETFs may have a wide (bid-ask) spread between the current price at which the sellers are willing to sell the security and the price at which buyers are willing to buy the security.

**Financial Planning Risk.** Where the actual cash flows needed by the client exceed the cash flows planned in the portfolio, which can lead to unsustainable withdrawal rates and may expose the portfolio to market risk as described above

**Fixed Income Risks.** When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors often receive set, regular payments that face the same inflation risk.

**Interest Rate Risk.** Although the Asset Dedication Income Portfolio is designed to hold individual bonds to maturity, if clients need to sell individual bond holdings before maturity and interest rates have risen, the bonds will likely lose value.

**Equity (Stock) Market Risks.** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater price volatility than if you held preferred stocks and debt obligations of the issuer.

**Individual Public Company Risks.** When investing in stock and bond positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**ETF and Mutual Fund Risks.** Owning Exchanged Traded Funds (ETFs) or mutual funds generally reflects the risks of owning the underlying securities holdings in the ETFs or mutual funds. When



investing in ETFs or mutual funds, clients incurs expenses based on the pro rata share of the ETFs' or mutual funds' operating expense and may also incur brokerage costs.

**Management Risk of Investment Advisor.** An investment varies with the success and failure of the Investment Advisor's investment strategies, research, analysis and determination of portfolio securities. If the investment strategies do not produce the expected returns, the value of the investment will decrease or lag an appropriate investment benchmark.

**Political Risk.** Investments may be negatively affected by political policies, actions, or statements. Regulatory changes, taxes, tariffs, and international trade agreements are some of the political risks that can impact investment prices.

**Social Media Risk.** Social media is increasingly impacting society at large and investments specifically. Statements made on social media may negatively impact investment prices, even if the statements are later disproven.

## **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to the Firm or its employees.

## **Item 10 – Industry Activities and Affiliations**

Asset Dedication is an independent investment advisory firm and only provides investment advisory services. The Firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

When requested, Asset Dedication may refer clients to Advisors for financial planning or other investment related services. Asset Dedication does not receive any compensation for these referrals from Advisors.

Asset Dedication is not and does not have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) pension consultant, (8) real estate broker or dealer, (9) sponsor or syndicator of limited partnerships, (10) insurance company, or (11) law firm

## **Item 11 – Code of Ethics**

Asset Dedication has established a Code of Ethics policy that apply to all of its associated persons. An investment adviser is a fiduciary that has a responsibility to all clients to provide fair and full disclosure of all material facts and to act solely in the best interests of its clients at all times. This fiduciary duty is considered the core underlying principle for the Code of Ethics which also covers Insider Trading and Personal Securities Transactions Policies and Procedures. Asset Dedication requires its associated persons to conduct business in an honest, ethical and fair manner that is consistent with high levels of ethical standards, and with applicable federal and state securities laws. Asset Dedication or its

representatives may buy or sell securities that are also recommended to clients, which creates a conflict of interest; however, Asset Dedication has a personal securities transaction policy in place that mitigates the conflict. Asset Dedication has the responsibility to make sure that the interests of its clients are placed ahead of the Firm and its associated persons' interests. Asset Dedication strives to avoid circumstances that might affect the duty of loyalty to clients. If a client wishes to review the Firm's Code of Ethics, a copy will be provided upon request.

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

An officer of Asset Dedication is affiliated with an employee union of a non-profit institution. The institution has entered into a client relationship with Asset Dedication.

## **Item 12 – Brokerage Practices**

Clients who wish to work with Asset Dedication are required to select a broker/dealer that has a business relationship with Asset Dedication. Generally, clients will select a broker/dealer to custody their accounts based on a conversation with their Advisor.

Asset Dedication seeks the best execution possible for our clients' accounts based on a variety of factors. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. Therefore, we cannot promise or guarantee that we will obtain the lowest trading prices available in the market at the time of the transaction. Clients and Advisors who direct the use of a particular broker/dealer may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer. Trades with any one broker/dealer may be placed before or after trades that are placed with other broker/dealers.

The broker/dealer's trading platform needs to be able to integrate into Asset Dedication's operational, trading and compliance systems. Overall custodial support services, trade correction services, and statement preparation are some of the other factors considered when selecting a broker/dealer.

Asset Dedication utilizes the services of institutional trading and custody platforms, including:

- Schwab Institutional for which Charles Schwab & Company, Inc. serves as the broker/dealer and qualified custodian;
- TD Ameritrade Institutional for which TD Ameritrade serves as the broker/dealer and qualified custodian; and
- Fidelity Investments Wealth Management for which National Financial Services, LLC serves as broker/dealer and qualified custodian.

Custodian platforms allow Asset Dedication access to institutional trading, custody services, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Custodians are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the respective broker/dealer or that settle into the broker/dealer's accounts and, if applicable, securities lending and payment for order flow.

The Custodians also make available to Asset Dedication, other products and services that benefit Asset Dedication, but may not benefit clients. Some of these other products and services assist us in managing and administering Client accounts. These include software and other technology that provide access to Client account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of our fees from our clients' accounts. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at the particular broker/dealer. Custodians also make available other services intended to help Asset Dedication manage and further develop our business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Receipt of these services and benefits may create an incentive for us to recommend broker/dealers based on those services and benefits. Asset Dedication does not receive referrals from any broker/dealer.

### **Aggregation of Client Orders – Block Trading Policy**

Asset Dedication generally executes trades on an individual account basis. However, we occasionally decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates, to allocate orders among clients on an equitable basis, and to avoid differences in prices and transaction costs that might be obtained if orders were placed independently. Under this process, transactions are averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. Asset Dedication does not receive any additional compensation as a result of aggregation.

### **Item 13 – Account Reviews**

Accounts are reviewed on an on-going basis to ensure that accounts are managed in a manner that is consistent with the client's investment policy statement and other conditions that are specified by the client's Advisor, such as excess cash and deviation from allocation parameters. Reviews are performed under the direction of the management of the Firm.

### **Statements and Reports**

Client accounts are maintained by third-party custodians who provide clients with monthly or at least quarterly account statements that contain a description of all trade activity in the client's account(s) during the preceding period.

Asset Dedication uses performance reporting services provided by a third-party information provider ("Information Provider"). If requested by the client or Advisor, Asset Dedication will provide a performance report for the client's account(s).

### **Item 14 – Client Referrals**

Asset Dedication does not provide compensation to Third-Party Advisors nor does it receive compensation from third-parties for referrals of clients.

## **Item 15 – Custody**

Except as to the authority to deduct its fees from client accounts and the authority to transfer money from accounts subject to Standing Letters of Authorization (SLOAs) the Firm does not maintain custody of a client's cash or securities.

Client's funds and securities will be held at custodial broker/dealers (the "Custodian"), who will send monthly or quarterly account statements directly to the client. Clients should carefully review those statements. In the event that Asset Dedication sends reports to the client, the client should compare the information contained in Asset Dedication's reports against account statements received from the custodian. When clients have questions about their account statements, they should contact Asset Dedication and the Custodian promptly.

## **Item 16 – Investment Discretion**

When Asset Dedication is given discretion, Asset Dedication implements trades on a discretionary basis, which means Asset Dedication will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction.

## **Item 17 – Voting Client Securities**

Asset Dedication does not accept authority to vote client securities.

## **Item 18 – Financial Information**

Asset Dedication is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. The Firm has not been the subject of a bankruptcy petition.