

**Firm Brochure**  
(Part 2A of Form ADV)

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The Securities and Exchange Commission and the State of California have required all Registered Investment Advisors to furnish you with a copy of their brochure. The Dodd-Frank Bill of 2010 provides for changes in the presentation of Form ADV Part 2.

This brochure provides information about the qualifications and business practices of Needelman Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at: 949 453-1333, or by email at: [info@needelman.com](mailto:info@needelman.com). 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 Needelman Asset Management, Inc. is available on the SEC's website at [www.adviserinfo](http://www.adviserinfo.sec.gov).sec.gov

**03/31/2011**

## Material Changes

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### **Annual Update**

This is the amended ADV Part 2, reflecting changes in format as required by the Securities and Exchange Commission, under the Dodd-Frank Act of 2010.

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

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 949 453-1333 or by email at: [info@needelman.com](mailto:info@needelman.com).

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# Advisory Business

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## Firm Description

Needelman Asset Management, Inc. provides personalized investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, tax and estate issues and investment advisory management.

Needelman Asset Management, Inc. is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Investment advice is provided with Needelman Asset Management, Inc. making the final decision on investment selection. Needelman Asset Management, Inc. does not act as a custodian of client assets. The client always maintains asset control. Needelman Asset Management, Inc. places trades for clients under a limited power of attorney.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which tax planning and investment management may be beneficial to the client.

Needelman Asset Management, Inc.'s founding dates to 1973 as Inland Financial Corporation. The company's name and management changed in 1985 to Palley-Needelman Asset Management, Inc. and again in 2002 to Needelman Asset Management, Inc.

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## Principal Owners

Chester Joseph Needelman Trust is a 43% stockholder.

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## Types of Advisory Services

Needelman Asset Management, Inc. provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; issues market letters.

On an occasional basis, Needelman Asset Management, Inc. furnishes advice to clients on matters not involving securities, such as financial matters and taxation issues.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment policy is created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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**Types of Agreements**

The following agreements define the typical client relationships. Investment advisory agreement for separately managed accounts. Portfolio management services under wrap fee programs.

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**Advisory Service Agreement**

Most clients choose to have Needelman Asset Management, Inc. manage their assets in order to obtain ongoing in-depth advice. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; investment management (including performance reporting); as well as the implementation of recommendations within each area.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedule:

Equity and Balanced Accounts

- 1.00% on the first \$3 million of portfolio value.
- 3/4 of 1% on the next \$7 million of portfolio value.
- 1/2 of 1% on the next \$40 million of portfolio value.
- 35/100 of 1% on the remaining balance.
- \$5,000 minimum annual fee.
- \$2,500 minimum annual fee for related second accounts.

Fixed Income Accounts

- 1/2 of 1% on the first \$10 million of portfolio value.
- Negotiable rate over \$10 million.
- \$5,000 minimum annual fee.

\$2,500 minimum annual fee for related second accounts.

Fees for Needelman Asset Management Institutional are calculated as follows:

Equity and Balanced Accounts

75 basis points on the first \$5 million of portfolio value.

60 basis points on the next \$5 million of portfolio value.

50 basis points on the next \$40 million of portfolio value.

35 basis points on the remaining balance.

\$37,500 minimum annual fee.

\$5,000 minimum annual fee for related second accounts

Fixed Income Accounts

½ of 1% on the first \$10 million of portfolio value.

Negotiable rate over \$10 million

\$25,000 minimum annual fee.

\$ 5,000 minimum annual fee for related 2<sup>nd</sup> accounts.

Fee schedules are subject to change upon 30-day notice. Services are continuous, but may be canceled by either party at any time by written notice. Fees paid in advance will be refunded on a pro rata basis to the date of termination. Existing accounts may be paying fees at a rate higher or lower than current posted rates. The factors considered in negotiating a fee higher or lower than our standard fee schedule are geography, type of account, size of account, client servicing, administrative requirements, competition and market conditions. Fees charged may be higher or lower than other investment advisors. On occasion, Needelman Asset Management works with brokers who charge their clients a fee rather than a commission. Exceptions to the above may be made depending on the circumstances.

A number of clients are referred to us by broker-dealers under wrap fee and quasi-wrap fee arrangements. We participate in wrap fee programs under the following sponsors: Wells Fargo and Lockwood Advisors, Inc. Under these arrangements, clients pay their broker-dealers a fee equal to a percentage of the assets under management. This one fee includes charges for our investment advisory service, custodial service and may include transaction execution. Depending upon the activity in the account, a wrap fee arrangement may not be in the client's best financial interest. While Needelman Asset Management's compensation from the broker-dealer may be lower than Needelman Asset Management's standard fee schedule, the overall cost to a wrap fee program client may be higher than the client might otherwise experience by paying Needelman Asset Management's standard fees and negotiating transaction charges with a broker-dealer payable on a per transaction basis. Needelman Asset Management's receipt of referrals from wrap fee account broker-dealers may place us in a conflict of interest situation when we are advising clients regarding suitability of wrap fee arrangements. Needelman Asset Management is paid a fee ranging between 30 and 55 basis points by



the various wrap fee plan sponsors depending upon the range of services rendered by Needelman Asset Management to the wrap fee sponsor. This fee is also based upon assets under management for each wrap fee plan sponsor. Should clients of the wrap fee plan sponsor terminate their agreement with the sponsor, our portion of the fee is refundable on a pro rata basis.

The minimum annual fee is \$2,500.00 and is not negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above. As of 02/28/2011, Needelman Asset Management, Inc. manages \$72,413,664.04 in assets for 44 accounts. \$36,743,165.04 is managed on a discretionary basis, and \$35,670,499.00 is managed on a non-discretionary basis.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

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**Investment Management Agreement**

An Investment Management Agreement may be executed when financial planning is not provided as part of the relationship. The annual fee for an Investment Management Agreement is \$2,500.00 and is not negotiable.

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**Hourly Planning Engagements**

Needelman Asset Management, Inc. provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$400.00.

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**Asset Management**

Stocks, bonds, exchange traded funds (ETF), and other securities may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for the execution of trades. Needelman Asset Management, Inc. does not receive any compensation from brokerage firms or fund companies.

Investments may also include: warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds shares), U. S. government securities, options contracts and futures contracts. Interests in non-publicly traded, or non-standard assets, such as private equity and private debt offerings, may be suitable for some clients. After discussion with clients, funds can be placed in such assets at clients' discretion. Initial public offerings (IPOs) are not available through Needelman Asset Management, Inc.

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**Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying Needelman Asset Management, Inc. in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Needelman Asset Management, Inc. will refund any unearned portion of the advance payment.

Needelman Asset Management, Inc. may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Needelman Asset Management, Inc. will refund any unearned portion of the advance payment.

## **Fees and Compensation**

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**Description**

Needelman Asset Management, Inc. bases its fees on a percentage of assets under management.

Fees are not negotiable.

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**Fee Billing**

Investment management fees are billed quarterly, in advance, meaning that we invoice before the three-month billing period has begun. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

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**Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee the custodian charges to buy or sell the security.

Needelman Asset Management, Inc., in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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**Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company

charges 0.5% for their services. These fees are in addition to the fees paid by you to Needelman Asset Management, Inc.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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**Past Due Accounts and Termination of Agreement**

Needelman Asset Management, Inc. reserves the right to stop work on any account that is more than 60 days overdue. In addition, Needelman Asset Management, Inc. reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Needelman Asset Management, Inc.'s judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 7 days.

## **Performance-Based Fees**

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Needelman Asset Management, Inc. does not use a performance-based fee structure.

## **Types of Clients**

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**Description**

Needelman Asset Management, Inc. generally provides investment advice to individuals, banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

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**Account Minimums**

The minimum account size is \$500,000.00 of assets under management, which equates to an annual fee of \$5,000.00.

Needelman Asset Management, Inc. has the discretion to waive the account minimum. Accounts of less than \$500,000.00 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$500,000.00 within a reasonable time. Other exceptions will apply to employees of Needelman Asset Management, Inc. and their relatives, or relatives of existing clients.

Clients receiving ongoing asset management services will be assessed a \$2,500.00 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

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

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis and technical analysis. The primary method of security analysis used is fundamental analysis. We purchase securities that are undervalued on the basis of income statement and balance sheet analysis, historical perspective, industry position and consistency of performance. Particular attention is paid to understated asset values and changing industry economics. Some application is made of stock market cycles to serial economic forecasting.

The main sources of information include financial databases, newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other principal sources of investment information include the internal analysis of the company, Federal Reserve and other governmental agency reports and publications, contacts with security analysis and portfolio managers with various research firms, general media information, press releases and company shareholder material.

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### **Investment Strategies**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client may execute an Investment Policy Statement or letter that documents their objectives and their desired investment strategy.

The intent of each security purchase or sale is to meet the objectives of the client as outlined in our management agreement. A client may impose limits on our discretionary authority as to industry or security selection at any time.

We are a risk-averse manager investing primarily in large, well known, companies that tend to pay above average dividends, have good balance sheets and income statements. Our primary considerations are preservation of capital, growth of principal and current income.

The magnitude of each purchase is determined by the size and objective of the client's account. Each account is diversified by industry and security, and

concentration of positions is discouraged. No time constraints are placed on portfolio holdings. However, a security is usually held for at least one year.

Where there are no restrictions against them, foreign issues may be purchased for accounts. These are usually purchased as American Depositary Receipts (ADRs), which trade on U.S. exchanges or may be purchased as “ordinary” shares (ORDs), which trade on foreign exchanges.

Investments in securities of foreign issuers involve greater risks and have considerations not generally associated with securities of U.S. issuers. These risks include, but are not limited to, currency fluctuations, political and economic risks (including nationalization and expropriation), less-stringent or absence of generally accepted accounting standards, reduced levels of publicly available information concerning issuers, and reduced levels of government regulation of foreign markets. Also, in certain emerging markets, concerns such as limited liquidity and small market capitalization of issuers, as well as currency devaluation, high inflation, and repatriation restrictions should be considered.

Trades on foreign exchanges may incur greater charges than trades on U.S. exchanges. Foreign equities may be subject to withholding taxes on dividends from the country of origin. These taxes typically range from 15-25% and under some circumstances may not be refundable.

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## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment 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.

## **Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Financial Industry Activities**

Needelman Asset Management, Inc. is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

Needelman Asset Management, Inc. is registered as an investment advisory firm.

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### **Affiliations**

Needelman Asset Management, Inc. has no arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, or investment advisor.

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

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## **Code of Ethics**

The employees of Needelman Asset Management, Inc. have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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

Needelman Asset Management, Inc. and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Needelman Asset Management, Inc. Compliance Manual.

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## **Personal Trading**

The Chief Compliance Officer of Needelman Asset Management, Inc. is Chet Needelman. He reviews all employee trades each quarter. His trades are reviewed by Debbie Galloway. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small trades, the trades do not affect the securities markets.

On occasion a security may be purchased for a new client that was previously purchased by a member of the firm.

Employees of the firm are required to report all security transactions on a quarterly basis. Employee transactions in any securities held by the firm's clients must be approved before they can be executed.

# **Brokerage Practices**

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## **Selecting Brokerage Firms**

Needelman Asset Management, Inc. does not have formal commission arrangements or affiliations with any brokerage firm. The client may choose any broker to handle their securities transactions at a rate which the client has negotiated with the broker. However, if Needelman Asset Management selects the broker to handle transactions, the selection is based on the overall reasonableness of brokerage commissions, taking into consideration research, execution, account maintenance, and back office proficiency. Brokerage commissions paid are evaluated against an industry standard charged by institutional and full-service retail brokerage houses. Allowances are made for superior research product as to the adequacy of commissions paid. Therefore, clients of Needelman Asset Management may pay a brokerage commission in excess of that which another broker may charge for effecting the same transaction

in recognition of the value of various services provided by the broker. Initial commission rates may be negotiated with the client depending on size of the account, market conditions, account objectives and client wishes. Clients may be able to execute trades at lower rates than their negotiated rates.

When we are directed by a client to use a specified broker, we will not generally attempt to negotiate commissions with the broker on the client's behalf. A client that restricts brokerage to a particular broker or dealer should consider that such a designation may result in higher commissions or less favorable execution of its transactions than would be the case if we were free to use other brokers or negotiate commissions with the designated broker. The client should also take into consideration that, if the client were referred to us by the broker, we have a potential conflict of interest between obtaining best execution of the client's transactions by negotiating for lower commissions and receiving future referrals from the broker.

In some instances the firm is retained under a so-called "wrap fee" arrangement offered by a broker-dealer, wherein the broker-dealer may recommend retention of the firm as investment adviser, pay the firm's investment advisory fee on behalf of the client, monitor and evaluate the firm's performance, execute the client's portfolio transactions without commission charge, and provide custodial services for the client's assets, or provide any combination of these or other services, all for a single fee paid by the client to the broker-dealer. The firm's investment advisory fee under such a "wrap fee" arrangement typically will differ from that offered to other clients. However, in evaluating such an arrangement, a client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by the firm. Transactions are effected "net", i.e., without commission, and a portion of the wrap fee is generally considered as being in lieu of commissions. Trades are generally required to be executed only with the broker-dealer with which the client has entered into the wrap fee arrangement, so that the firm may not be free to seek best price and execution by placing transactions with other brokers or dealers. While it has been the firm's experience that broker-dealers with which it presently deals under clients' wrap fee agreements generally can offer best price for transactions in listed equity securities, no assurance can be given that such will continue to be the case with those or other broker-dealers which may offer wrap fee arrangements, not with respect to transactions in other types of securities. Accordingly, the client may wish to satisfy himself that the broker-dealer offering the wrap fee arrangement can provide adequate price and execution of most or all transactions. The client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if the firm were free to negotiate commissions and seek best price and execution of transactions for the client's



account. Therefore, a wrap fee program may not be in the best interest of the client.

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**Best Execution**

Needelman Asset Management, Inc. reviews the execution of trades at each custodian. Trading fees charged by the custodians are also reviewed. Needelman Asset Management, Inc. does not receive any portion of the trading fees.

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**Soft Dollars**

Unless expressly prohibited from doing so, a portion of client commissions (soft dollars) may be used to purchase research-related services and equipment provided by various vendors and broker-dealers. These services are of the type that may or may not qualify under the safe harbor provided in Section 28(e) of the Securities and Exchange Act of 1934 and include investment and financial market research, securities and economic analysis, pricing information, non-proprietary research, trading systems, computer hardware and software, quotation services and performance measurement. Commissions paid are in line with best execution practices. If Needelman Asset Management should choose to obtain a particular product or service, it may use its available soft dollar credits and pay cash to make up any difference. If the product or service obtained by Needelman Asset Management is a “mixed use” item (products or services that provide both research and non-research benefits), Needelman Asset Management may use soft dollars for the research portion and pay cash for the non-research portion. Although the allocation between qualified and non-qualified services and soft dollars and cash is not always capable of precise calculation, Needelman Asset Management has a potential conflict of interest regarding the allocation and will make a good faith effort to allocate such items reasonably. Records of any such allocations and payments will be prepared. Research services furnished by brokers through which Needelman Asset Management effects transactions are used for the benefit of all its clients and not solely for the benefit of the particular client whose transactions were effected by the broker providing such services.

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**Order Aggregation**

To achieve optimal execution and lower transaction costs, we may aggregate orders for groups of accounts in order to trade sizable blocks of securities. In some instances, such aggregate orders are done with a single broker and “stepped out” to the directed brokers for each account. “Step Outs” mean grouping orders together, executing the trade with a firm who is controlling the activity in a particular stock and “stepping out” (handing over the trade) to the directed brokers, who issue the confirms. Clients’ directed brokerage firms meet the executing broker in an electronic comparison system where the trade is passed to the directed brokerage firm by the executing broker. In

such circumstances, each client account involved participates in the aggregate order at the average price per share. This process allows more stock to be traded at an average price shared by all accounts involved. The names of the executing broker-dealers are available upon request. The executing broker-dealers may or may not be a market maker in the particular stock traded. In instances where we execute principal trades in over-the-counter (OTC) securities through a step-out arrangement, it is possible the execution may result in the client paying both a mark-up and a commission on their transaction. Any mark-up is usually minimal and the price is the same as if the trade was done on an agency basis. Every effort is made to find a "natural" buyer/seller for OTC trades where mark-ups should not be charged. Trade commissions generated from clients who have not directed us to use a particular broker may be used to pay for research-related services qualified under Section 28(e) of the Securities and Exchange Act of 1934 and will be the sole source of funding for these research-related services.

## **Review of Accounts**

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### **Periodic Reviews**

Account reviews are performed monthly or quarterly by advisors Mitchel Needelman, President and Chet Needelman, CEO. Account reviews are performed more frequently when dictated by market conditions, new industry and security information or by client request.

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### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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### **Regular Reports**

Account reviewers are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive economic/market commentary on at least a quarterly basis. Advisory Service Agreement clients and Investment Management clients receive written quarterly updates. The written updates may include a portfolio statement, and the progress towards meeting client objectives.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

Needelman Asset Management, Inc. has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees

and other similar sources. The firm does not compensate referring parties for these referrals.

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**Referrals Out**

Needelman Asset Management, Inc. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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**Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Needelman Asset Management, Inc.

## **Investment Discretion**

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**Discretionary Authority for Trading**

Needelman Asset Management, Inc. accepts discretionary authority to manage securities accounts on behalf of clients. Needelman Asset Management, Inc. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. Needelman Asset Management, Inc. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

## Voting Client Securities

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### Proxy Votes

Unless the client designates otherwise, Needelman Asset Management, Inc. votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of Needelman Asset Management, Inc.'s proxy voting policy is available upon request.

## Financial Information

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### Financial Condition

A balance sheet is not required to be provided because Needelman Asset Management, Inc. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600.00 per client, and six months or more in advance.

## Business Continuity Plan

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### General

Needelman Asset Management, Inc. has a Business Continuity Plan in place that provides steps to mitigate and recover from the loss of office space, communications and services.

### Disasters

The Business Continuity Plan covers natural and man-made disasters such as loss of electrical power, fire, bomb threat and Internet outage. Electronic files are backed up daily and archived offsite.

### Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within seven days of a disaster that dictates moving our office to an alternate location.

## Information Security Program

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### Information Security

Needelman Asset Management, Inc. maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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**Privacy Notice**

Needelman Asset Management, Inc. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process and where applicable, information about transactions between you and third parties. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys and accountants with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf and comply with government regulations.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to you annually, in writing.

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**Brochure Supplement (Part 2B of Form ADV)**

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**Education and Business Standards**

Needelman Asset Management, Inc. requires that employed advisors have a bachelor's degree and further coursework demonstrating knowledge of finance and investments. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for investment management.

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## **Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

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## **Chester Joseph Needelman, Certifications**

Educational Background:

- Date of birth: 01-14-1943
- Institutions: California State University, Northridge  
B.S. Business Administration - 1965

Business Experience:

- Palley-Needelman Asset Management, Inc. May 1985 - present  
Name changed to Needelman Asset Management, Inc. in 2002

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Chester Needelman is Chief Executive Officer and interacts with Mitchel Needelman and Achara Chau. He is not supervised.

The following additional items are required if you are a state-registered advisor:

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**Mitchel Evan Needelman, CFA - Certifications**

Educational Background:

- Date of birth: 05-25-1971  
Institutions: San Diego State University, B.A. - 1996  
Chartered Financial Analyst (CFA) Designation – 2001  
University of California, Irvine, MBA - 2005

Business Experience:

- Research, Brandes Investments Partners, LP - August 1995 – July 2002  
Security Analyst, Portfolio Manager, President Needelman Asset Management, Inc. – September 2002 to present

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Mitchel Needelman is President and interacts with Chester Needelman and Achara Chau. He is not supervised.

The following additional items are required if you are a state-registered advisor:

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**Achara Chau, CFA - Certifications**

Educational Background:

- Date of birth: 12-27-1970  
Institutions: Thammasat University, Bangkok, B.B.A. – 1992  
University of California, Irvine, MBA – 1997  
Chartered Financial Analyst (CFA) Designation – 2005

Business Experience:

- Research Associate, Palley-Needelman Asset Management, Inc.  
March 1998 – April 2002  
Research Analyst, Portfolio Manager, Needelman Asset Management, Inc. – April 2002 to present

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Achara Chau is supervised by Mitchel Needelman, President. He reviews Achara Chau's work through office interactions as well as remote interactions.

Mitchel Needelman's contact information:

Phone: 949 453-1333 Email: mitch@needelman.com

The following additional items are required if you are a state-registered advisor:

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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