

# Excomp Asset Management, LTD

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of Excomp Asset Management, LTD (“EAM” or “Advisor”). If you have any questions about the contents of this brochure, please contact us at 631-465-9670. 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 EAM is also available on the SEC’s website at:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

Since EAM's last update of Form ADV Part 2A in June 2012, outside of a change to EAM's business address and office phone number, EAM did not experience any material changes to the Advisor's business.

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## Item 4 - Advisory Business

Applicant, Excomp Asset Management, LTD (“EAM” or “Advisor”) provides Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. EAM provides this service to individuals, pension and profit sharing plans, trust estates, charitable organizations, and corporations. EAM will manage advisory accounts on a discretionary basis. Account supervision is guided by the stated objective of the client (i.e., maximum capital appreciation, growth, income, or growth and income). For most client accounts, portfolios are comprised exclusively of mutual fund shares. In certain instances, where deemed appropriate by EAM, Applicant may invest in exchange traded funds (“ETFs”) for certain client accounts. EAM may purchase or sell an individual security when requested by a client. Such transactions are not part of EAM’s discretionary authority and clients will not be charged an advisory fee for these securities. EAM will not render an opinion regarding such buys or sells, they are provided as a matter of convenience only. Generally, most requests will be to liquidate securities held by the client, with the sale proceeds being “managed” as part of the portfolio.

EAM was founded in 1993 and is primarily owned by Timothy Dennis Atkinson. As of June 1, 2013, EAM managed approximate \$122 million on a discretionary basis on behalf of approximately 150 clients.

## Item 5 - Fees and Compensation

For the advisors services provided, each client agrees to pay the advisor a fee for, and in advance at the commencement of each fiscal quarter equal to \$50.00 (Non-refundable Computer/Administrative fee) plus a percentage of the gross value of the assets of the portfolio as of the close of trading on the last business day of the quarter according to the following schedule:

Portfolio Assets	Quarterly fee
\$0-\$999,999	.25%
next \$1,000,000	.20%
balance over \$2,000,000	.15%

\*A minimum account size of \$250,000 is required for this service\*

Typically, fees will be debited quarterly in advance directly from custodial accounts. A limited number of clients may pay by check upon the discretion of EAM. Should the investor’s relationship with the advisor commence at some date other than the first day of the investors fiscal or calendar quarter, then the advisor’s fee for the first quarter will be pro-rated based upon the number of days Advisory Services are provided during that quarter. Administrative fees are negotiable at the discretion of EAM and may be discounted based on certain family relationships.

This agreement may be terminated at any time by either party giving written notice to the other party. Advisory fees will be refunded on a pro-rated basis, based upon the number of days the client utilized the advisor’s service. Investor has the right to terminate the agreement within five business days from inception without penalty.

Note: Clients who have executed agreements prior to 2/94 may have a different fee schedule.

### General Information on Fees:

Fees are not currently negotiable for new clients, however this policy may be changed at the discretion of EAM. In certain circumstances account minimum may be negotiated. The fee charged will not be provided on the basis of a share of capital gains upon capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)).

All fees paid to EAM for Investment Advisory Services are in addition to the fees and expenses charged at the product level to shareholders of ETFs and mutual fund shares. Clients should be aware that brokers or dealers may impose sales charges, transaction fees, commissions or other expenses for ETF and mutual fund investments. Clients will be responsible for any of the charges, commissions or fees imposed by ETFs, mutual funds or broker/dealers as a result of implementing EAM's strategy. Descriptions of these fees are generally available from each product or service provider and should be reviewed carefully. Certain mutual funds may charge early redemption fees to investors who hold investments in such funds for less than a specified period of time. In the course of managing a client's account, applicant could cause clients to incur such fees if it decides to sell a position before the holding period has expired. Additionally, terminated clients who choose to liquidate their holdings may also incur such fees. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus.

## **Item 6 -Performance Based Fees and Side-by-Side Management**

EAM does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to EAM.

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

EAM provides this service to individuals, pension and profit sharing plans, trust estates, charitable organizations, non-profits and corporations.

EAM requires a minimum account of \$250,000 for Investment Supervisory Services clients. Under certain circumstances, minimums may be negotiated.

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

EAM utilizes publicly available research as well as information provided by various internet and television media outlets discussing business and financial news as part of EAM's on-going research activities. In addition, EAM reviews client portfolios informally on a daily basis.

### Risk of Loss - General

All investing involves a risk of loss and the investment strategy offered by Applicant could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks including, but not limited to, that portfolio management techniques used by Applicant may not produce the desired results. This could cause accounts to decline in value.

Applicant selects investments based, in part, on information provided by issuers to regulators or made directly available to Applicant by the issuers or other sources. Applicant is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.

Potential Risks of Investing in Securities Purchased in Mutual Funds, ETFs, and by Investment Managers:

**Stock Market Risk** - Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small- and medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

**Foreign Securities Risk** - Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

**Interest Rate Risk** - Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall. The reverse is also true: if interest rates fall, bond prices will generally rise. A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

**Credit Risk** - Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

**Liquidity Risk** - Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

Call Risk - Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

Objective/Style Risk - All of the mutual funds and investment managers are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund or manager invests will trail the returns of the overall market.

U.S. Government Agency Securities Risk - Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

Third Party Investment Management Risk – EAM will likely not have the opportunity to evaluate in advance the specific investments made by third-party managers of the actively managed mutual funds selected by EAM. As a result, the rates of return to clients will primarily depend upon the choice of investments of these managers and returns could be adversely affected by unfavorable performance of such managers. Further, EAM depends on these managers to develop the appropriate systems and procedures to control operational risks.

## **Item 9 - Disciplinary Information**

EAM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

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

Applicant and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

EAM or any related person(s) may buy or sell for themselves securities that are also recommended to clients.

To avoid any potential conflicts of interest involving personal trades, advisor has adopted a Code of Ethics ("COE"), which includes formal insider trading policies and procedures. Advisor's COE requires, among other things, that Employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers,

employees, colleagues in the investment profession, and other participants in the global capital markets;

- Place the integrity of the investment profession, the interests of clients, and the interests of advisor above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

Advisor's COE also requires Employees to: 1) pre-clear certain personal securities transactions (e.g., IPO transactions), 2) report personal securities transactions on at least a quarterly basis, and 3) provide advisor with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

In the normal course of business, EAM may provide gifts and gratuities to various individuals or entities such as clients, charitable organizations and service providers. These gifts and gratuities are not premised upon any potential benefit to EAM.

A copy of advisor's COE shall be provided to any client or prospective client upon request.

## **Item 12 - Brokerage Practices**

For discretionary clients, EAM requests that it be provided with written authority to determine which securities and the amounts of securities that are bought and sold. Any limitations of this discretionary authority shall be included in the written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing. Clients whose assets are invested in non-OneSource mutual funds will incur transaction fees on purchases and redemptions of such funds when executed through Charles Schwab & Company, Inc. ("Schwab"). In these instances, advisor retains the authority to approve the commission rate paid, without obtaining specific client consent.



Orders for the same Security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating Clients. All Clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

EAM participates in the Schwab Institutional (SI) program offered to Independent Investment Advisors by Schwab, an NASD registered broker dealer. Advisor may recommend to clients that they choose Schwab as their broker so that they can participate in the One-Source program.

Schwab currently provides Advisor with access to institutional trading and custody services which may not be available to Schwab retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as at least \$10 million of the advisor's assets are maintained in accounts at Schwab Institutional, and is in no way contingent upon the Advisor committing to Schwab any specific amount of business. (assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments generally available only to institutional investors or would require a significantly higher minimum investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody, but may be compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or settle into Schwab accounts.

Schwab may provide software and other technology that provide access to client account data, facilitate trade execution, provide research, pricing information and other market data, facilitate payment of fees to the Advisor from client accounts and assist with back-office functions such as record keeping and client reporting.

Advisor also participates in the Advisor Webcenter program provided by Schwab which assists advisors with the development and maintenance of the Advisor's website. Advisor has been given a discount by Schwab on the services provided through the Advisor Webcenter program which is in no way contingent upon the Advisor committing to Schwab any specific amount of business to Schwab.

While as a fiduciary, Advisor endeavors to act in its clients best interests, Advisor's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit Advisor receives from the products and services previously mentioned and not solely on the nature, cost or quality of custody and brokerage services by Schwab, which may create a potential conflict of interest.

Any trade errors identified will be corrected to ensure each client is made whole as if the error did not occur. If a loss occurs greater than \$100, EAM will cover the loss, while Schwab will cover the loss if it is less than \$100. Transactions executed to correct an error resulting in a gain will remain in your account unless the same error involved other client accounts that should receive the gain or it is not permissible for you to retain the gain. If you cannot retain the gain, Schwab will donate any amount over \$100 to charity and keep any portion less than that amount to minimize and offset administrative expenses related to correcting the error.

Registrant does not currently maintain any formal soft dollar arrangements. However, Schwab provides Registrant with proprietary and third-party research and other products and services (i.e., receipt of duplicate trade confirmations and account statements, trading desk access, the ability to aggregate clients' securities transactions, the ability to directly debit advisory fees from clients' accounts, receipt of compliance publications, and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors). Registrant has determined that it would obtain Schwab's research and other products and services regardless of the amount of commissions it generates throughout the year. Therefore, Registrant is not "paying-up" for Schwab's proprietary and third-party research and other products and services."

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

All securities recommended are reviewed daily, thereby giving the client portfolio an indirect review. Each client account is scheduled for formal review, not less than quarterly. Factors that may result in the immediate review of client accounts include world economic events, change in fund management, or a change in client circumstances.

Quarterly reports will be made available to all clients electronically through the Company's website. This information will include at least, the results for the quarter ended and the past rolling 12 months. Paper copies of these reports will be mailed to clients upon request. These reports are in addition to custodial statements received by clients from Charles Schwab.

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

Advisor has entered into an agreement with Charles Schwab & Co., Inc., an independent and unaffiliated broker-dealer, to participate in the Schwab Advisor Network ("the Service"), an advisor referral service designed to help investors find an independent professional Investment Manager in their area. Schwab does not supervise and has no responsibility for the for Advisor's management of clients' portfolios or Advisor's other advice or services. Advisor has agreed to pay Schwab an ongoing referral fee on all accounts participating in the Service that are maintained in custody at Schwab, as well as a one-time Non-Schwab Custody Fee equal to a percentage of assets for accounts that are transferred from Schwab to another custodian.

The Non-Schwab Custody Fee is higher than the referral fees Adviser would generally pay in a single year providing an incentive for Advisor to recommend that client accounts be held in custody at Schwab. This fee does not apply if the client is solely responsible for the decision not to maintain custody at Schwab.

Fees are a percentage of the value of the assets in the client's account and will be paid by the Advisor so long as the referred client's account remains in custody at Schwab. Fees are billed to the Advisor quarterly and may be increased, decreased or waived by Schwab from time to time. Advisor has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Advisor charges its advisory clients who were not introduced by the Service, and who have similar portfolios under management with Advisor.

Advisor's participation in the Service may raise potential conflicts of interest. Schwab generally

does not charge client accounts separately for custody, but may receive compensation from clients in the form of commissions or other transaction-related compensation on trades executed for the client's account. Clients also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Although not required by the Service, advisors participating in the Service are likely to execute transactions for their advisory clients referred through the Service with Schwab. Advisor acknowledges its duty of best execution for its clients.

In addition, Advisor has also entered into agreements with other individuals whereby it pays a referral fee for the introduction to investors who utilize its management services. This will be fully disclosed prior to services rendered by Advisor. Clients introduced through this process shall be billed the same fees as other clients who did not originate in this manner.

### **Item 15 - Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but EAM can access many clients' accounts through its ability to debit advisory fees. For this reason EAM is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by EAM.

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

For discretionary clients, EAM requests that it be provided with limited power of attorney to determine which securities and the amounts of securities that are bought and sold. Any limitations of this discretionary authority shall be included in the written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

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

It is EAM's policy to vote proxies for all mutual fund and ETFs purchased on behalf of client accounts pursuant to EAM's discretionary authority. We are charged with identifying the proxies upon which Advisor will vote, voting the proxies in the best interest of clients, and submitting the proxies promptly and properly.

Our policy is to vote proxies for mutual fund and ETF positions managed by EAM in the interest of maximizing shareholder value. To that end, Advisor will vote in a way that it believes, consistent with its fiduciary duty, will cause the issue to increase the most or decline the least in value. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

We have currently identified no conflicts of interest between our client interests and our own within our proxy voting process. Nevertheless, if we determine that Advisor is facing a material conflict of interest in voting your proxy, our procedures provide for us to inform any affected clients of the potential conflict in advance and mutually agree on an acceptable manner of handling the potential conflict.

Our complete proxy voting policy and procedures are memorialized in writing and are available for your review. In addition, our complete proxy voting record is available to our clients, and only to our clients. Please contact us if you have any questions or if you would like to review either of these documents.

In certain instances, client accounts may hold equity securities which are not managed by the EAM. Since equity positions in these accounts are not managed by EAM and fall outside the Advisor's expertise, EAM will not vote proxies for these securities. Advisor will work with clients to set up separate custodial accounts where these equity securities will be held which will enable clients to receive and vote the proxies for these securities. Should ECM inadvertently receive proxy or class action information for equity securities held in client accounts, then EAM will immediately forward such information on to Client, but will not take any further action with respect to the voting of such proxy or class action.

If clients fail to set up separate accounts for these equity positions, the Advisor may receive proxies for these securities. If multiple advisory clients hold the same equity, EAM may only receive one proxy notice, which would prevent the Advisor from forwarding the notice to each client since the Advisor cannot forward a single notice to multiple clients. Since equity positions are not managed by the Advisor, EAM will consider these positions as immaterial to the implementation of the client's investment strategy and will abstain from voting the proxies in question.

Upon termination of our Agreement with Client, we shall make a good faith and reasonable attempt to forward proxy information inadvertently received by us on behalf of Client to the forwarding address provided by the Client.

Advisor will not exercise class action voting authority over client securities. The obligation to vote client class actions shall at all times rest with client. Client shall in no way be precluded from contacting Advisor for advice or information about a particular class action vote. However, Advisor shall not be deemed to have voting authority solely as a result of providing such advice to client. Should Advisor inadvertently receive class action information for a security held in client's account, then Advisor will immediately forward such information on to Client, but will not take any further action with respect to the voting of such class action. Upon termination of its Agreement with client, Advisor shall make a good faith and reasonable attempt to forward class action information inadvertently received by Advisor on behalf of client to the forwarding address provided by client to Advisor.

## **Item 18 - Financial Information**

EAM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.