

November 19, 2012

## **MARSDEN CAPITAL MANAGEMENT, LLC.**

### **Client Brochure**

This brochure provides information about the qualifications and business practices of Marsden Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 814-836-1800 or by email at: [marsdencap@msn.com](mailto:marsdencap@msn.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 Marsden Capital Management, LLC. is available at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Marsden Capital Management, LLC.'s CRD number is: 111692.

Contact Information: Marsden Capital Management, LLC  
1103 Powell Avenue  
Erie, Pennsylvania 16505  
  
(814) 836-1800 – Telephone  
[marsdencap@msn.com](mailto:marsdencap@msn.com) – Email Address

Registration does not imply a certain level of skill or training.

## **Item 2: Material Changes**

Marsden Capital Management, LLC has/has not filed an annual updating amendment. Therefore there are/are not material changes from an annual updating amendment to report.

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## **Item 4: Advisory Business**

### **A. Description of Advisory Firm:**

Marsden Capital Management, LLC (MCM) has been in business since June 27, 1991. The principal owner is John R. Marsden, Jr.

### **B. Types of Advisory Services:**

MCM offers the following services to advisory clients:

#### **Investment Supervisory Services**

MCM offers ongoing portfolio management services based on the individual goals, objectives, time horizon and risk tolerance of each client. MCM creates an Investment Plan for each client, which considers the clients current investment situation and risk profile to aid in the selection of a portfolio that matches each client's goals. Investment Supervisory Services include, but are not limited to, the following:

- o Investment Strategy
- o Asset Allocation
- o Risk Tolerance/Risk Profile
- o Asset Selection
- o Regular Portfolio Monitoring

MCM evaluates the current investments of each client with respect to their risk tolerance and time horizon. MCM will request discretionary authority from client's in order to select securities and execute transactions without permission from the client prior to each transaction.

#### **Financial Planning**

MCM does not provide financial planning services.

### **Services Limited to Specific Types of Investments**

MCM limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETF's, REIT's and government securities. MCM may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restriction**

MCM offers the same scope of services to all of its clients. However, specific client financial plans and their implementation vary based on the client's current situation, risk tolerance, goals and time horizon.

Clients may impose restrictions in investing in certain securities or types of securities in accordance to their values and beliefs. However, if the restrictions prevent MCM from properly serving the client's account or the restrictions require MCM to change the scope of its services, MCM reserves the right to end the relationship.

### **D. Wrap Fee Programs**

MCM does not participate in any wrap fee programs.

### **E. Amounts Under Management**

MCM has approximately \$32 million of assets under management.

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Investment Supervisory Services Fees***

MCM charges the majority of its client's an investment supervisory service fee of 1.25% per year. No client's service fee shall exceed 1.50% per year.

These fees are negotiable and the final fee schedule is itemized on the client's Investment Advisory Agreement. Fees are generally paid semi-annually at the end of the fee period. Client's may terminate their agreement with thirty days written notice. Final fees are charged on a prorated basis, based on the number of days between the last semi-annual fee and the end of the thirty day notice period.

Clients may terminate their agreement without penalty within the 5 business day free look period.

Advisory fees are withdrawn directly from the client's accounts with written authorization. Because client fees will be withdrawn directly from client accounts, MCM must:

- a. Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- b. Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account
- c. Send the client a written invoice itemizing the fee, including the method used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee is based.

#### ***Financial Planning Fees***

MCM does not offer financial planning services therefore, no financial planning fees will be charged.

#### ***Hourly Fees***

MCM does not charge hourly fees for its services.

## **B. Payment of Fees**

### **Payment of Investment Supervisory Fees**

Advisory fees are withdrawn from the client's accounts with client written authorization. Fees are generally paid semi-annually after the completion of the semi-annual period.

### **Payment of Financial Planning Fees**

MCM does not provide financial planning services therefore, no financial planning fees are charged or billed.

## **C. Client's are Responsible for Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees etc.). Those fees are separate and distinct from the fees and expenses charged by MCM. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

MCM does not collect fees in advance for its services.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither MCM nor John R. Marsden, Jr. accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds



## **Item 6: Performance-Based Fees and Side-By-Side Management**

MCM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

MCM generally provides investment advice to the following Types of Clients:

- Individuals
- High-Net-Worth Individuals
- Corporations of Business Entities

### **Minimum Account Size**

MCM has no account minimum

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

### **A. Methods of Analysis and Investment Strategies**

**Fundamental Analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Cyclical Analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investing in securities involves a risk that you, as a client, should be prepared to bear. Loss of money can occur.

**B. Material Risks Involved**

MCM uses Long Term Trading, Short Term Trading and Margin Transactions.

MCM utilizes investment strategies that are designed to capture market rates of both risk and return. Frequent trading, when done, can effect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Investing in securities involves a risk that you, as a client, should be prepared to bear. Loss of money can occur.

**C. Risks of Specific Securities Utilized**

MCM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Equities and Exchange Traded Funds (ETF): Investing in equities and ETF's carries the risk of capital loss. Investments in these securities are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in equities and ETF's.

Mutual Funds: Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. Loss of money can occur.

## **Item 9 : Disciplinary Information**

MCM has no legal or disciplinary events that are material to a Client's or prospective client's evaluation of this advisory business or the integrity of MCM's management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

MCM is not registered as a broker/dealer. MCM's controlling member, John R. Marsden, Jr, does own a broker/dealer firm named JRM Securities. Furthermore, John R. Marsden, Jr. is a registered principal and registered representative of that broker/dealer firm.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither MCM nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither MCM nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

MCM always acts in the best interest of the client.

### **D. Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections**

MCM does not utilize nor select other advisors or third party managers. All assets are managed by MCM's management.

## **Item 11: Code of Ethics, Participation in Transactions, Personal Trading**

### **A. Code of Ethics**

MCM has a written Code of Ethics and Standards of Professional Conduct. Clients may request a copy of our Code of Ethics and Standards of Professional Conduct from management.

### **B. Recommendations Involving Material Financial Interests**

MCM does not recommend that clients buy or sell any security in which a person associated with MCM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of MCM may buy or sell securities for themselves that they also recommend to clients. MCM will always document any transaction that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Client's Securities**

From time to time, representatives of MCM may buy or sell securities for themselves at or around the same time as clients. MCM will always transact client business before their own when trading securities at/around the same time as client's securities.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian, Charles Schwab & Co. Inc., was selected based on their relatively low transaction fees, access to mutual funds and ETF's, its systems and controls, and brand name. MCM does not participate in any fees charged by the Custodian and does not mark-up the actual cost charged by the Custodian.

1.) Research and Other Soft-Dollar Benefits

MCM receives no research, product, or service other than execution from a broker/dealer or third party in connection with client securities transactions (soft dollar benefits).

2.) Brokerage for Client Referrals

MCM receives no referrals from a broker/dealer or third party in exchange for using that broker/dealer or third party.

3.) Clients Directing Which Broker/Dealer/Custodian to Use

MCM does not allow client's to direct brokerage.

**B. Aggregating (Block) Trading for Multiple Client Accounts**

MCM maintains the ability to block trade buys or sells across accounts but will rarely do so. While block trading may benefit client's by purchasing or selling larger blocks, we do not feel that client's are at a disadvantage due to best execution practices of our custodian.

**Item 13: Reviews of Accounts**

**A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by John R. Marsden, Jr. Many accounts are reviewed weekly or monthly.

John R. Marsden, Jr. is the chief advisor and reviews accounts based on their investment plan and risk tolerance levels. All accounts are reviewed by John R. Marsden, Jr.

**B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, death of a spouse, employment termination or inheritance to name a few).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive a monthly statement of account from Charles Schwab & Co., Inc. In addition, MCM makes every attempt to meet with client's on a regular basis to review account circumstances including risk tolerance, performance, goals and expectations.

MCM encourages client's to request meeting or reviews on a as needed basis.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Client's (Includes Sales Awards or Other Prizes)**

MCM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to MCM's clients.

#### **B. Compensation to Non-Advisory Personnel for Client Referrals**

MCM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

MCM does not take custody of client accounts at any time. Custody of client accounts is held at Charles Schwab & Co., Inc. Clients receive account statements, confirmations, capital change notification and tax reports from the custodian. The client should review all statements and reports.

## **Item 16: Investment Discretion**

For those client accounts where MCM provides ongoing money management or investment advice with ongoing supervision, MCM maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship begins.

## **Item 17: Voting Client Securities (Proxy Voting)**

MCM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

MCM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither MCM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Neither MCM nor its management have been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

MCM currently has only one management person/executive officer. John R. Marsden, Jr's education and business background can be found on the Supplemental ADV Part 2B Form. In addition, this form is available upon request.

### **B. Other Business in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (if Any)**

Neither MCM nor its management is engaged in any other business at this time.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

MCM does not charge performance based fees.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at MCM has ever been involved in a arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither MCM nor its management persons, has any relationship or arrangement with issuers of securities.





