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# SLOCUM

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Firm Brochure  
(Part 2A of Form ADV)

February 28, 2014

This brochure provides information about the qualifications and business practices of Jeffrey Slocum & Associates, Inc. (hereafter referred to as "Slocum"). If you have questions about the contents of this brochure please call us at (612) 338-7020 or email [Kerrym@jslocum.com](mailto:Kerrym@jslocum.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.

While Slocum is a Registered Investment Advisor, registration does not imply a certain level of skill or training.

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

## **Item 2. Material Changes**

There have been no material changes since this Firm Brochure was first prepared in May, 2011.

Assets under management on Page 4 have been updated to reflect December 31, 2013 balances.

If you would like to receive a complete copy of our Firm Brochure at any time, please call us at (612) 338-7020 or email [Kerrym@jslocum.com](mailto:Kerrym@jslocum.com).

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## **Item 4. Advisory Business**

Jeffrey Slocum & Associates, Inc. ("Slocum") was founded by Jeff Slocum in 1986. Slocum provides independent investment advice to institutions, helping them to be wise, conscientious stewards of their assets, and to document the prudence of their decisions. We serve over 100 institutional clients in the United States and Canada with total invested assets of around \$100 billion.

### **Our services**

Our services address the broad spectrum of institutions' investment advisory needs tailored to meet each client's requirements. They include:

- ▶ Strategic integration of investments with an institution's overall mission, objectives, and operations
- ▶ Investment policy development
- ▶ Asset allocation modeling, incorporating liabilities, spending, and liquidity considerations, as appropriate
- ▶ Risk budgeting
- ▶ Investment manager selection
- ▶ Performance measurement and attribution analysis
- ▶ Outsourced CIO fiduciary services
- ▶ Investment policy compliance monitoring
- ▶ Transition management
- ▶ Fee negotiations and benchmarking
- ▶ Other service provider searches
- ▶ Education of clients' staffs, Committees, and other constituencies

### **Our Staff**

- On average, our Principals' tenure at Slocum is approximately 12 years.
- Our Research Directors have high level, real world, hands on portfolio management, securities analysis, trading, and capital markets experience.
- The vast majority of our Senior Research and Consulting staff are Chartered Financial Analyst Charterholders (CFAs) and have MBAs
- Full-time staff also have earned professional certifications consistent with their functions at the firm:
  - Chartered Alternative Investments Analysts (CAIA)
  - Certificate in Investment Performance Measurement (CIPM)
  - Certified Investment Manager Analyst (CIMA)
  - Attorneys
  - CPAs
- Our Strategic Advisors each have over 25 years of global institutional investing experience.

As of December 31, 2013, Slocum provided investment advice on more than \$100 billion in assets. Approximately \$1.1 billion is managed on a discretionary basis currently.

## **Item 5. Fees and Compensation**

Slocum has no set fee schedule. Fees are negotiated individually with clients. Fees are generally either fixed in amount or based on level of assets on which the firm provides advice. While fees are generally all inclusive, they can also be based on the type of assets managed. In some cases, Slocum will charge for travel costs associated with client or manager meetings.

Fees are billed either quarterly or monthly in arrears. Slocum does not bill in advance for services. Our services can generally be cancelled at any time, with 30 days advance notice. The client has no obligation to pay us beyond the services rendered to the point of cancelation.

Our only compensation is from fees paid directly by fund sponsor clients. Slocum does not receive any compensation based on a client's purchase of any financial product. No commissions in any form are accepted. We receive no revenues from investment managers.

## **Item 6. Performance Based Fees**

Slocum does not use a performance based fee structure because of the potential conflict of interest. Performance based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client. As noted above, however, we offer asset based fees to certain clients, which allows our fees to increase or decrease based on market value changes in the client's portfolio.

## **Item 7. Types of Clients**

Slocum's clients include:

- ▶ Foundations and endowments
- ▶ Healthcare organizations
- ▶ Insurance companies
- ▶ Retirement plans (defined benefit and defined contribution)
- ▶ Native American Tribal Funds

While Slocum does not have a minimum client size, all of our clients are Accredited Investors and nearly all are Qualified Purchasers.

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

Each of our clients is unique. Therefore, we strive to develop investment strategies tailored to each client's specific needs and objectives.

When beginning a new client relationship, we start by reviewing the current investment policy statement. That process involves extensive discussion with the client staff or management, as well as any relevant investment or finance committee (the

"Committee") about the issues facing the organization and the objectives and goals associated with the invested assets. We examine the existing investment policy and make recommendations as to which policies are useful, which might need revision, and which are ripe for deletion.

More broadly, when we assist clients in drafting or revising an investment policy, our intent is not to reinvent the wheel or create a voluminous legal document. Instead, we want to ensure that the formal Investment Policy Statement is a "road map," which:

- Outlines the investment related responsibilities of the Committee, staff and the providers of investment services that are retained to assist with the management of the assets
- Establishes formal yet flexible investment guidelines, incorporating realistic total return objectives
- Provides a framework for regular constructive communication between the client and its providers of investment services
- Creates standards of investment performance for the total portfolio and its components, incorporating rates of return and various risk measures over intervals selected to provide reasonable statistical relevance.

We will actively engage the client's staff and the Committee, as well as the investment managers, in the formulation of changes and improvements to the Investment Policy Statement. As policy issues are discussed and decided, we will incorporate the results into the revised draft of the Investment Policy Statement.

We do not generally recommend direct investments in individual securities. Instead, we focus on investment managers, both traditional and alternative, identified through our rigorous due diligence process, that fit within our clients' investment policies and are consistent with each client's risk and return expectations. Our clients' investments generally cover the full range of equity, debt, and real assets opportunities. Managers employ strategies that can span the spectrums of geographic exposures and liquidity, and they may use traditional long-only portfolio construction, or long and short positions, or hedged positions to express their views.

Investing involves a risk of loss that clients should be prepared to bear. Specific risks of loss associated with a particular manager or asset class are generally noted in the subscription or offering documents that our clients execute before investing. Part of our process involves ensuring that policies are in place to limit risks to tolerable levels. We routinely consider matters such as liquidity, diversification, credit quality, interest rate sensitivity, convexity, structural risk, and portfolio factor and fundamental characteristic risk measures.

## **Item 9. Disciplinary Information**

Slocum and its employees have not been involved in any legal or disciplinary events required to be disclosed in response to this Item 9.

## **Item 10. Other Financial Activities and Affiliations**

Jeff Slocum and D. James DeWolfe (DeWolfe) own Northside Capital Management, LLC (Northside), located in Hood River, Oregon. Northside is an independent, full service, private wealth investment advisor. DeWolfe is a strategic advisor to Slocum and a member of our Board of Directors. This does not create a conflict of interest.

Bob McReavy, our COO and General Counsel, is an independent director of Ameriprise Certificate Company ("ACC"). ACC, a subsidiary of Ameriprise Financial, is registered as an investment company under the Investment Company Act of 1940 and is in the business of issuing face-amount investment certificates. Face-amount certificates issued by ACC entitle the certificate owner to receive at maturity a stated amount of money and interest or credits declared from time to time by ACC, at its discretion. Mr. McReavy's service as an independent director of ACC does not result in a conflict of interest.

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

Slocum has a Code of Ethics that all of our employees must agree in writing annually to honor as a condition of their employment.

Under our Code of Ethics, Slocum and all of our employees agree to conduct our business at all times consistent with our status as a fiduciary to our Clients. This means that Slocum and our employees have affirmative duties of care, loyalty, honesty, and good faith in connection with all of our activities for our Clients and must act in the best interests of those Clients.

All employees are subject to the following general standards of conduct:

- Place the interests of clients first;
- Avoid any actual or potential conflict of interest;
- Do not take inappropriate advantage of their positions;
- Keep client information confidential;
- Keep Slocum information confidential;
- Comply with all applicable laws; and
- Maintain Slocum's reputation for honesty, integrity, and professionalism.

In addition, the Code of Ethics limits employees' ability to trade in certain securities, restricts their ability to accept gifts, and requires reporting of certain securities trading activities. Employees of Slocum may invest in certain private funds that are also recommended to our clients. As this may represent a conflict of interest, any such investments must be approved by the General Counsel and/or Chief Compliance Officer prior to being made and are reviewed periodically thereafter.

Compliance with the Code of Ethics is monitored by our Chief Compliance Officer.

A copy of our Code of Ethics is available upon request to clients or potential clients.

## **Item 12. Brokerage Practices**

Slocum does not select brokerage firms for its clients.

Slocum's only source of revenue since its founding has been from advisory fees paid by our fund sponsor clients. We are not affiliated with and do not maintain financial arrangements with investment managers or brokerages. We receive no soft dollars from investment managers. Managers do not sponsor our research conferences or purchase research services from us. We don't ever want our clients to wonder whose best interests we are serving.

Slocum does not direct brokerage for specific client transactions.

## **Item 13. Review of Accounts**

Slocum's services are customized to fit each client's specific needs. When beginning a new client relationship we review the investment policy statement. We do not use a "one size fits all" approach to developing objectives and policies, nor do we create objectives and policies devoid of input from managers. We review objectives and policies for clients whenever there is a material change in circumstances, risk tolerance, or the capital markets environment.

Slocum receives copies of statements from custodians as well as asset managers retained by our clients and uses this information to prepare periodic written performance reports for our clients. Slocum's reports can be issued to clients monthly, quarterly or annually, and are reviewed with clients at regularly scheduled meetings.

At a minimum, we review objectives and policies on an annual basis. This is often less to make appreciable changes than to give our clients an opportunity to reaffirm their investment direction.

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

A primary vehicle for Slocum's growth over the last 27 years has been referrals from current clients or friends in the investment community.

Slocum does not pay for referrals. Slocum does not accept referral fees or any form of compensation from investment managers or other professionals when a prospect or client is referred to them.

## **Item 15. Custody**

Slocum does not have custody of any client assets. Client assets are held through custodians selected and retained directly by our clients. This is true even for accounts where Slocum has discretionary investment authority.



**Item 16. Investment Discretion**

The majority of our clients retain investment discretion with respect to their portfolios.

Where Slocum is retained to provide discretionary fiduciary management services, we work with the client to establish a client approved investment policy. Pursuant to that policy, Slocum delegates authority to sub-advisors to buy or sell specific securities, the amount of securities to be bought or sold, the broker to be used and the commission to be paid.

Slocum will generally only provide discretionary fiduciary management services to clients with investable assets in excess of \$25 million.

**Item 17. Voting Client Securities**

As specified in our contracts with our clients, Slocum does not vote client proxies.

**Item 18. Financial Information**

Slocum does not require its clients to pay fees in advance nor does Slocum have custody of any client assets and therefore is not required to provide a balance sheet.

Slocum has no financial condition that impairs our ability to meet contractual or fiduciary commitments to our clients. We have not been the subject of a bankruptcy proceeding.

Slocum is prepared to provide references from our bankers if requested by clients.