

BERNARDI ASSET MANAGEMENT

Form ADV Part 2A: Firm Brochure

Item 1: Cover Page

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This brochure provides information about the qualifications and business practices of Bernardi Asset Management, LLC. If you have questions about the contents of this brochure, please contact us at 312-281-2000. 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 Bernardi Asset Management, LLC is also available on the SEC's website at www.advisorinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last amendment, dated June 30, 2017, regulatory authorities have deemed advisors to have custody of certain assets based on the new Custody Rule as it relates to client initiated Standing Letters of Authorization ("SLOA"). We have adopted policies and procedures to comply with regulatory requirements which exempt us from the surprise examination that is required when investment advisers have custody due to the use of SLOAs.

Item 3 Table Of Contents

Item 1 Cover Page	Page 1
Item 2 Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees & Compensation	Page 6
Item 6 Performance-Based Fees and Side-By-Side Management	Page 7
Item 7 Types of Clients	Page 7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 7
Item 9 Disciplinary Information	Page 7
Item 10 Other Financial Industry Activities and Affiliations	Page 7
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 8
Item 12 Brokerage Practices	Page 9
Item 13 Review of Accounts	Page 9
Item 14 Client Referrals and Other Compensation	Page 10
Item 15 Custody	Page 10
Item 16 Investment Discretion	Page 10
Item 17 Voting Client Securities	Page 10
Item 18 Financial Information	Page 11
Item 19 Privacy Policy	Page 12

Item 4 Advisory Business

Bernardi Asset Management, LLC (hereafter "we," "us," "our" and "BAM") is an SEC registered investment advisor. BAM was formed in 2000 as a subsidiary of Bernardi Securities, Inc. (BSI), a registered broker-dealer which was formed in 1984.

Types of Services BAM Offers:

FIXED INCOME MANAGEMENT

BAM specializes in professional, separate account fixed-income management, with a specialization in municipal bonds. Portfolios can be managed for taxable and tax-free accounts.

BAM believes our clients' bond portfolios represent the "bedrock" of their overall portfolio with the primary objective of capital preservation. BAM seeks to add value through active management using our market expertise to capitalize on market inefficiencies, while seeking to maximize our clients' net after-tax return in a manner consistent with their investment parameters.

BAM utilizes a separate account framework to develop customized client portfolios to meet each client's specific needs. Portfolio parameters are created in consultation with the client and/or their advisor(s). Various portfolio management documents are required and serve as the basis for portfolio investments.

Additionally, for taxable fixed income accounts, BAM offers investment advice on corporate debt securities; certificates of deposit; taxable municipal securities; United States government and agency securities; and money market funds.

BAM manages on a discretionary and non-discretionary basis. Discretionary clients grant BAM full authority and discretion to manage the portfolio based upon investment strategy guidelines. BAM will have the authority and discretion to buy, sell, exchange, redeem, or otherwise effect transactions for the client's account consistent with these guidelines without prior notice to or consent from the client. Non-discretionary clients are contacted before purchase or sale is made and the client has the right of approval. Recommendations are made pursuant to the investment strategy guidelines.

ASSET ALLOCATION PROGRAM

Clients interested in the Asset Allocation Program will have access to one of the proprietary model "Portfolios". In general, the models consist of varying proportions of fixed income, equity, and alternative investments. Clients will complete a Risk Tolerance Questionnaire to determine which strategy is most appropriate for them. If a client does not wish to complete the Risk Tolerance Questionnaire, the client will instruct BAM which strategy to follow.

For the accounts that designate one of the allocation models, the fixed income allocation is designed in accordance with what we believe are fundamental, long-term financial principles generally intended to control risk and maximize cash flow over a complete market cycle. Exposure to equity and alternative investments provide clients with both passive and active exposure to these markets.

The strategies offered include:

- The Growth Objective - The objective of this strategy is to maximize capital appreciation. The growth objective model is suitable for investors with a higher risk tolerance with an investment objective of capital appreciation who have little to no need for investment income.
- Balanced Objective - The objective of this strategy is a blend of capital appreciation and income

generation. The balanced objective model is suitable for investors with an average tolerance for risk with an investment objective of capital appreciation and income.

- Income Objective - The objective of this strategy is income generation and capital preservation. The income objective model is suitable for investors with a low risk tolerance and an investment objective of income and capital preservation.

Asset Allocation Committee

The Firm's Asset Allocation Committee is responsible for developing and managing the portfolios and selecting the securities that will be used for each asset class. There is no set minimum or maximum number of positions that will be held for an account or specific frequency that account positions will be traded.

BAM manages client assets under the Asset Allocation Program on a discretionary basis. BAM retains the discretion to revise the Asset Allocation Program, change the strategy, change the investment objective, investment allocation, or other characteristics of a Portfolio, and add or close a Portfolio, without prior notice or consent of the client.

BAM Total Firm Assets under Management (as of 09/30/2017)

Discretionary: \$123,407,868

Non-Discretionary: \$ 33,212,876

Item 5 Fees & Compensation

Fees are calculated based upon the market value of the portfolio at the close of a calendar quarter. For new accounts, prorated quarterly fees are calculated based upon the market value at the time management commences. The minimum length of a management term is six months.

Fee Schedule

First \$2 million	0.40%
Amounts between \$2-5 million	0.35%
Amounts between \$5-10 million	0.30%
Amounts between \$10-15 million	0.25%
Amounts above \$15 million	0.20%

Fees are negotiable, under certain circumstances, including but not limited to:

- Long Term Relationships
- Large Account Relationships
- Charitable and Civic Organizations

Asset Allocation Program

Program participants will incur a flat 0.40% annual asset-based fee. Fees are calculated based upon the market value of the portfolio at the close of a calendar quarter. For new accounts, prorated quarterly fees are calculated based upon the market value at the time management commences.

Collection

Fees are payable quarterly in advance and are generally deducted from client accounts. Clients can elect to pay fees from outside funds if they desire. The fee will be computed and billed at the beginning of each quarter by applying one quarter of the applicable annual rate to the market value of the portfolio on the last trading day of the preceding quarter.

Other Fees

Other fees that may be applicable include:

Processing fee for bonds: \$12 per trade
Processing fee for stock, ETF, mutual funds: \$16 per trade
Retirement account custodian fee: \$75 per year
Wire transfer fee: \$20 per occurrence
Paper Statement/Confirm fee: \$0.75 per occurrence
(waived with electronic delivery)
Money Market management fee: Varies due to fund selected by client

Please refer to item 12: Brokerage Practices.

Payment timing

Since fees are paid quarterly in advance, any unearned fees will be refunded on a prorated basis if management is terminated before the end of a payment cycle. However, if a client terminates our management of the portfolio prior to six months, all billed and unbilled management fees will be deducted from the managed portfolio to cover the initial six-month period. After the initial six months, management may be terminated by us or the client with at least thirty (30) days written notice. Payment will be refunded by check or transfer to the managed portfolio(s).

Item 6 Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees.

Item 7 Types of Clients

We manage portfolios for a variety of clients such as Individuals, Banks, Pension & Profit Sharing Plans, Retirement Accounts, Trusts & Estates, and Corporations & Other Business Entities.

Minimum Account Size
\$250,000

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Bernardi Asset Management utilizes active management to maximize our clients' net after-tax return in a manner consistent with their investment parameters. BAM's primary objective is maximizing preservation of capital with our in-house credit analysis process representing the foundation of our portfolio management process. BAM's highly experienced team of analysts has continued to enhance our credit analysis process, which has been developed over three decades. As financial and economic markets continue to change, BAM will continue to adapt and refine this process.

BAM reviews various metrics when analyzing individual bonds focusing on deal purpose, deal structure, and underlying credit quality. BAM also reviews specific features of each security including: maturity, call/sinking fund dates, coupon, state issuer is located, and other metrics. BAM utilizes various information sources to supplement its analysis including: rating agency services, issuer annual reports, prospectuses and other filings with the SEC, audited financial statements of municipalities, research prepared by third parties and general news sources.

When analyzing financial and economic markets, BAM reviews the current yield curve and current municipal market average yields for similarly rated credits. BAM also reviews economic developments both nationally (Federal Reserve policy, changes to the U.S. tax code, etc.) and globally as it relates to overseas markets and policy issues that could potentially affect U.S. markets.

Fixed income investing includes various risks that investors must be prepared to bear. These risks include: interest rate risk, reinvestment risk, credit risk, and default risk. Our active portfolio management, coupled with our internal credit analysis process, helps us monitor and mitigate these risks as we review individual credits and market dynamics.

Item 9 Disciplinary Information

BAM has no disciplinary information to report about itself or its management persons.

Item 10 Other Financial Industry Activities and Affiliations

Registered Representatives

The following BAM employees are also Registered Representatives of Bernardi Securities, Inc. ("BSI"):

Ronald Bernardi
Matthew Bernardi
Thomas Bernardi, CFA
Daniel Data, CFA

Rick Gerali
Jeffrey Irish
Luciano Lamberti
Michelle Landis
Rodney Mannion
Marty Shobert
John Tranas
Daniel Zenisek

Material Relationships

BAM has a material relationship with BSI, our sole owner and a registered municipal securities broker/dealer. This relationship could have the potential to create a conflict of interest. Policies and procedures are in place to ensure any potential conflicts are mitigated. BSI executes all securities transactions on behalf of BAM client accounts in accordance with BAM's fiduciary responsibility to its clients. All client purchases of securities owned by BSI are executed at BSI's cost and only with the written consent of the client, thus mitigating the potential conflict of interest. In addition, BAM provides the client with full disclosure concerning our affiliation with BSI and request authorization in advance of a trade execution.

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

BAM has adopted a comprehensive Code of Ethics for all portfolio managers and employees which addresses Standards of Business, Prohibition Against Insider Trading, Personal Securities Transactions, Gifts and Entertainment, and Customer Privacy. A copy of this Code will be provided upon request.

Our sole owner, BSI, will be utilized by us to effect securities transactions for client accounts. BSI will act in either principal or agent capacity in such transactions. Written disclosure of the capacity in which BSI is acting (i.e., either as principal or agent) will be provided to the client and consent, prior to the completion of the transaction, will be obtained from such clients for all principal trades.

BAM, our portfolio managers and employees, may from time-to-time purchase or sell the same securities for our own accounts that are recommended for purchase for client accounts. In order to ensure that client interests take precedence over the personal securities trading interests of others within our control, transactions for client accounts will receive preference in terms of execution and price over transactions effected at or about the same time for the personal accounts of BAM, our portfolio managers, or employees. Further, we require each portfolio manager and employee to report on a periodic basis their personal securities transactions to our compliance officer to ensure that client accounts are not disadvantaged by the personal securities transactions of such persons.

From time-to-time, BAM will offer securities to clients that are owned by BSI, if consistent with client investment parameters. This represents a potential conflict of interest. This conflict is mitigated by offering these investments to BAM clients at BSI's cost plus a transaction fee. In addition, the client will be provided with full disclosure at the time of the trade and will be required to provide written authorization in advance of the trade execution.

In situations where securities are owned by BSI and sold to both a BAM client and a person related to BSI, the BAM client will receive an execution at BSI's cost. This will be equal to or better than the execution price received by the person related to BSI. In addition, the client will be provided with full disclosure at the time of the trade and will be required to provide written authorization in advance of the trade execution.

Item 12 Brokerage Practices

For all of our clients, we direct brokerage to BSI as the executing broker dealer for transactions in client accounts. Due to the unique nature of fixed income products, we utilize BSI to obtain the appropriate fixed income products at competitive prices. This relationship has a potential conflict of interest in that BSI may not provide the best execution. However, this potential conflict is mitigated as BAM's trading procedures require multiple bids to be received from multiple dealers prior to accepting BSI's bid price. In situations where BSI does not provide the best bid, BAM will trade with the broker providing the best bid.

BAM clients may engage BSI's clearing broker dealer, Pershing LLC, as custodian or prime broker for their investments. Clients must qualify to participate in prime brokerage transactions Through Pershing, LLC. To qualify, clients must maintain a minimum portfolio value of \$150,000 or more and sign the appropriate prime brokerage paperwork with the custodian.

Clients may also wish to establish a securities account with one or more clearing brokers or custody banks that we have a business relationship with at the time of the engagement. BAM will also consider other, client directed, custody relationships based upon the capabilities of the requested custodian.

BSI sets the transaction fee rates charged to clients. It is anticipated that the fees charged to our clients will be discounted from those of major full-service brokerage firms. However, these fees will not be as low as those charged by discount brokerage firms.

We do not receive research, soft dollar compensation, or any other services from Pershing LLC, or any of the custody banks or brokerage firms described above.

We may aggregate client orders to achieve the most favorable execution. In addition, BAM may block multiple client accounts together that qualify for prime brokerage trading activity. In such cases, participating clients will receive the average execution price and their pro rata share of transaction costs.

Item 13 Review of Accounts

All accounts are reviewed on a quarterly basis, at a minimum. Portfolios are reviewed for accuracy, conformance to client parameters, and performance relative to appropriate benchmarks. Trigger factors that influence a review include: credit upgrades and downgrades, significant market events as viewed by the portfolio manager, buying and selling opportunities, maturity of fixed-income assets, increased cash balance, and outperformance or underperformance versus a comparative benchmark. Reviews are performed by one of three Portfolio Managers assisted by Investment Specialists and support staff.

Clients, generally, receive from us a portfolio appraisal and performance report at the end of each calendar quarter, or upon request. This report details the portfolio holdings, fixed income statistics, projected income, and performance returns. In addition to the quarterly reports provided, clients also receive statements and trade confirmations as provided by the account's custodian.

Item 14 Client Referrals and Other Compensation

BAM has a referral agreement with BSI. In this agreement, a portion of our management fee is remitted to BSI as compensation for their management and administrative services.

We also have a referral agreement with Alley Company LLC. In this agreement with Alley, a portion of our management fee, from accounts introduced by Alley Company LLC, is remitted to Alley Company LLC, as compensation for the referral. These agreements in no way increase the fee charged to our clients.

We do not accept anything of economic benefit from unrelated parties for providing investment advice or other services to our clients. We do not accept or provide prizes or sales awards to any of our employees or representatives.

Item 15 Custody

BAM acknowledges having custody due to the firm's ability to instruct the custodian to deduct advisory fees directly from the client's account. BAM does not act as custodian of client funds. Clients will receive account statements and trade confirmations directly from the custodian of their assets. These documents are the only documents that should be relied upon for tax filing and portfolio valuation purposes, and are solely the responsibility of the custodian. Clients are urged to compare the portfolio appraisal and performance report sent by BAM with the reports provided by the custodian. Discrepancies should be brought to our attention immediately.

BAM also has custody by allowing a standing letter of instruction or other similar asset transfer authorization arrangement (hereafter "SLOA"). This authorization is established between a client and a qualified custodian, under which the qualified custodian is authorized to transfer or otherwise disburse assets to a third party upon receipt of notice from the Company and per the SLOA client instructions. The Company may exercise authority pursuant to an SLOA and is exempt from the requirement of a surprise examination by following the Custody Rule requirements as defined in their compliance manual.

Item 16 Investment Discretion

BAM will accept investment discretion over a client's managed portfolio. This discretion is limited to decisions regarding what assets shall be bought, sold, retained, exchanged, or converted.

We may accept limited restrictions on this discretion pertaining to investment geography, the client's cash balance or specific holdings or a particular client request. Discretion is granted to us by execution of a management agreement.

Item 17 Voting Client Securities

BAM does not accept authorization to vote proxy ballots for securities in client portfolios. Proxy ballots and solicitations are sent to the client by the custodian and are the responsibility of the client to complete. However, we will provide information to the client, as requested, to assist the client with questions concerning a proxy ballot should the client make such a request.

Item 18 Financial Information

Not applicable.

Item 19 Privacy Policy

One of BAM's primary goals is to protect client privacy. To conduct regular business, we may collect nonpublic information from sources such as:

- Information reported by you on applications or other forms provided by us
- Information about your transactions with us, or affiliates, or others
- Information we receive as part of a consumer report

However, BAM does not share or disclose any nonpublic personal information about its current or former clients, except as required by law enforcement organizations. All information will remain confidential.

BAM will internally safeguard client nonpublic personal information by restricting access to only those employees who provide products or services, or those who need access to this information to service client accounts. In addition, we will maintain physical, electronic, and procedural safeguards that meet federal and/or state standards to guard nonpublic personal information.