



Bontempo Ohly Capital Management LLC  
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## **FIRM BROCHURE**

**This Brochure provides clients with information about Bontempo Ohly Capital Management, LLC ("Firm") and the Investment Management Program that should be considered carefully before becoming a client of the Firm and its Investment Management Program. None of the information provided in this document, in whole or in part, has been approved or verified by any governmental authority. For questions, comments, or additional copies of this or any other required document(s), please contact Lisa Rutishauser at 240-497-1300.**

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# INVESTMENT ADVISOR DISCLOSURE BROCHURE

## SECTION I – SUMMARY DESCRIPTIONS

1. **ADVISORY SERVICES AND FEES.** Bontempo Ohly Capital Management, LLC (“Advisor”) provides investment supervisory services and furnishes investment advice through consultations not included under the category of investment supervisory services. The approximate percentage breakdown of total advisory billings are as follows: 98% from investment supervisory services and 2% from investment advice through consultation. Advice through consultation includes financial planning, evaluation of existing investment strategies and/or the performance of other investment managers. Advisor offers investment advisory services for: a percentage of assets under management, hourly charges, and fixed fees (not including subscription fees). Total assets under management \$238,900,000.00.
2. **TYPES OF CLIENTS.** Advisor generally provides investment advice to individuals, trusts, estates, pension and profit sharing plans, charitable organizations, and corporations or business entities.
3. **TYPES OF INVESTMENTS.** Advisor offers advice on the following: exchange-listed securities, securities traded over-the-counter, corporate debt securities (other than commercial paper), municipal securities, United States Government securities, and agency securities.
4. **METHODS OF ANALYSIS, SOURCES OF INFORMATION, AND INVESTMENT STRATEGIES.**

Advisor’s security analysis method can be described as strict quantitative modeling. The main sources of information Advisor uses include: large security databases, research materials prepared by others, and financial software, data, and media. The investment strategies used to implement any investment advice given to clients include: long term purchases (securities held at least a year) and short term purchases (securities sold within a year).
5. **EDUCATION AND BUSINESS STANDARDS.** The Advisor requires a minimum of 5 years investment experience and/or a relevant four-year college degree and/or a major professional investment designation (CFA or CFP) before any person in an advisory role is permitted to determine or give investment advice to clients.
6. **EDUCATION AND BUSINESS BACKGROUND.**

***Ormand A. Bontempo***

*Year of Birth: 1962. Formal Education After High School: 1983 Magna Cum Laude Graduate Catholic University of America. Business Background for the Preceding Five Years: October 2004*

to present: President, Bontempo Ohly Capital Management, LLC. August 2000 through October 2004 Wachovia Securities, Financial Advisor: January 1991 through August 2000 Merrill Lynch, Financial Advisor.

***John Forbes Ohly***

*Year of Birth: 1971. Formal Education After High School: 1994 Graduate University of Maryland.*

*Business Background for the Preceding Five Years: October 2004 to Present: Bontempo Ohly Capital Management, LLC, Vice President. August 2000 through October 2004 Wachovia Securities, Financial Advisor. September 1994 through August 2000 Merrill Lynch, Financial Advisor.*

7. **OTHER BUSINESS ACTIVITIES.** Advisor is not actively engaged in a business other than giving investment advice. Advisor does not sell products or services other than investment advice to clients. The principal business of Advisor or its principal executive officers does not involve anything other than providing investment advice.
8. **OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS.** Advisor has no other financial industry activities or affiliations.
9. **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS.** Advisor may buy or sell for itself securities that it also recommends to clients.
10. **CONDITIONS FOR MANAGING ACCOUNTS.** Advisor provides investment supervisory services, manages investment advisory accounts, performs financial planning, and imposes a \$1,500 minimum annual fee for ongoing asset management services.
11. **REVIEW OF ACCOUNTS.** Client accounts are reviewed on a daily basis and changes or alternate investment opportunities recommended as deemed appropriate. Factors that may trigger reviews include, but are not limited to, changes in the client's circumstances, general changes in market conditions, or changes in individual securities owned by the Client, any of which could lead to buy or sell recommendations. All client accounts are reviewed by Ormand Bontempo, President. Financial plans are reviewed based on Client request or notification to Advisor of a significant change in the Client's circumstances. Financial plans are reviewed by John Forbes Ohly, CFP, Vice President. Clients are kept fully informed regarding their portfolio activity by receiving copies of all transaction confirmations and monthly/quarterly statements from brokerage firms and/or custodians.
12. **INVESTMENT OR BROKERAGE DISCRETION.** Advisor has authority to determine, without obtaining specific Client consent, the securities to be bought or sold, amount of the securities to be bought or sold, broker or dealer to be used, and commission rates paid. Advisor recommends brokers to clients.

13. **ADDITIONAL COMPENSATION.** Advisor has arrangements, oral or in writing, where it receives economic benefit (see “Recommending Brokers”) from Custodian(s) in connection with giving advice to clients.

## **ADVISORY SERVICES AND FEES**

### **SECTION II – DETAILED DESCRIPTIONS**

Bontempo Ohly Capital Management, LLC (“Advisor”) offers wealth management services on a discretionary basis. Advisor primarily manages portfolios for individuals, retirement accounts (IRAs, pensions and profit sharing plans) corporations and other institutions. Advisor attempts to customize each portfolio to each respective client’s specific risk tolerance, time horizon, and goals. Below are the guidelines that are followed when managing a client’s portfolio:

1. Client investment objectives are identified by assessing the Client’s risk tolerance based upon age, income, education, need for cash flows, investment goals, and emotional tolerance for volatility. The information provided by the Client will be collected during client meetings, interviews, and/or questionnaires;
2. After analyzing a Client’s financial situation and formulating an investment policy statement and/or financial plan, Advisor will implement a customized investment strategy involving a combination of asset classes, and careful selection of individual securities;
3. Capital market conditions and client circumstances are considered; and
4. Portfolio adjustments are made as deemed appropriate by Advisor to reflect significant changes in any or all of the above-mentioned variables.

Asset based management fees will be charged quarterly, in advance based on a percentage of the Client’s assets under management on the last trading day of each calendar quarter. The compensation for Advisor’s services, which include developing and implementing an investment policy and/or financial plan, monitoring a Client’s investment results, and ensuring reporting to Client from selected custodian on a monthly or quarterly basis, is as follows:

<b>FEE SCHEDULE EQUITY AND FIXED-INCOME PORTFOLIOS</b>		
<b><u>Assets</u></b>	<b><u>Equity</u></b>	<b><u>Fixed</u></b>

Over \$500,000 - \$2,000,000	1.0%	.50%
Over \$2,000,000 - \$5,000,000	.90%	.45%
Over \$5,000,000 - \$10,000,000	.80%	.40%
Over \$10,000,000 - \$25,000,000	.70%	.35%
Over \$25,000,000 - \$50,000,000	.60%	.30%
Over \$50,000,000 - \$75,000,000	.55%	.275%
Over \$75,000,000 - \$100,000,000	.50%	.25%
Over \$100,000,000	.40%	.20%

*Accounts at or below \$500,000 will be analyzed on a case-by-case basis. The fees are 1.5% for equities and 0.75% for fixed income with a minimum fee of \$1,500 annually.*

Investment advisory services begin with the effective date of the Investment Management Agreement (“IMA”), or the date Client signs the IMA. For the calendar quarter, fees will be adjusted, pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. Fees will generally be deducted directly from the client’s brokerage account, pursuant to a written agreement. The Advisor reserves the right to adjust the fee schedule for accounts depending on the size and type of account and the services required. In some cases, adjustment of fees may result in different fees being charged for similar services and may be less than the stated fee schedule.

Either the Advisor or the Client may terminate the Agreement in writing in accordance with the termination provisions in the advisory contract. The Client is responsible to pay for services rendered until the termination of the agreement. The Client may cancel the Agreement without penalty within the first five days after the signing of the Agreement.

Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by the Advisor, as the custodian will not determine whether the fee has been properly calculated. The fees charged by the Advisor are exclusive of all custodial costs paid to custodians, brokers or any other third parties; however, are inclusive of transaction costs. Clients should review all fees charged by the Advisor, custodians and brokers and others to fully understand the total amount of fees incurred.

#### **PERSONAL FINANCIAL PLANNING SERVICES**

The Advisor provides a wide array of general personal financial planning services in addition to investment/money management services. Advisor will collect pertinent data from the Client through

personal interviews and written questionnaires. A written summary will be provided to the Client highlighting specific recommendations to the Client regarding their individual needs.

Advisor's hourly fee for financial planning services is \$375 per hour. Such fees shall be mutually agreed upon by the Client and Advisor. The Advisor does reserve the right to provide planning services on a fixed fee basis in lieu of an hourly fee if it is more advantageous to the client. The fixed fee will be agreed upon with the Client prior to performing any services.

The fee will be payable and is due at the time the written financial plan is delivered. Under no circumstances will the Advisor require prepayment six months or more in advance and greater than \$500. A Client may cancel the financial planning agreement and receive a full refund if Advisor is notified in writing, within five business days after signing an agreement. If cancellation occurs thereafter, the Client is responsible for expenses incurred to that point. In such an event, an itemized invoice will be provided documenting the expenses that have been incurred.

### **CONSULTATION SERVICES**

Advisor also provides consultation services on an hourly fee basis. When requested, and under its sole discretion, Advisor may evaluate existing investment strategies and/or the performance of other investment managers. Advisor's hourly fee for consultation services is \$650 per hour.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Advisor and its employees may buy and sell the same securities that may be recommended to clients. If the possibility of a conflict of interest occurs, the client's interest will prevail. It is the policy of Advisor that priority will always be given to the client's orders over the orders of an employee of the Advisor. To avoid any potential conflicts of interest involving personal trades, the Registrant has adopted a Securities Compliance Policy ("Securities Compliance Policy"), which includes a formal code of ethics and insider trading policies and procedures. Registrant's Securities Compliance Policy requires, among other things, that Employee's:

- 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

Registrant above one's own personal interests;

- Adhere to the fundamental standard that one should not take inappropriate advantage of one's 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 oneself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

Registrant's Securities Compliance Policy also requires Employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the Registrant 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. A copy of Registrant's Securities Compliance Policy shall be provided to any client or prospective client upon request.

### **CONDITIONS FOR MANAGING ACCOUNTS**

Advisor does assess a minimum annual fee of \$1,500 to accounts receiving ongoing asset management services. Consequently, accounts with a small balance may pay a higher annual fee than those normally charged by other advisors.

### **INVESTMENT OR BROKERAGE DISCRETION**

When a Client agrees to discretionary management, the Advisor will be responsible for selecting the amount of securities to be bought and sold, commission rates and broker-dealers to be used. In the course of providing investment management services, Advisor will execute trades for clients through brokerdealers. Advisor will have broker discretion, consequently there is no restriction on the brokers Advisor may select to execute Client transactions. Currently, Advisor has a relationship with Charles Schwab & Co. ("Schwab").



Advisor's general guiding principle in selection of brokers is to trade through broker-dealers who offer the best overall execution under particular and/or varying circumstances. With respect to execution, Advisor considers a number of factors, including whether the broker has custody of client assets, the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, Advisor's past experience with similar trades, and other factors which may be unique to a particular order. Based on these judgmental factors, Advisor may trade through broker-dealers that charge fees that are higher than the lowest available fees.

In addition, broker-dealer fees may vary and be greater than those typical for similar investments if Advisor determines that the research, execution and other services rendered by a particular broker merit greater than typical fees. Also, in certain instances Advisor may execute over the counter securities transactions on an agency basis, which may result in two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the market maker's mark-up or markdown.

Advisor may aggregate numerous clients' or funds' purchases or sales as a single transaction. Transactions are usually aggregated to seek a lower commission, lower costs, or a more advantageous net price. The benefits, if any, obtained as a result of such aggregation, are generally allocated pro-rata among the accounts of the clients or the funds which participated in the aggregated transaction.

The Advisor is not obligated to acquire for any account, any security that Advisor's officers, partners, members or employees may acquire for their own accounts, or for the account of any other Client, if in the Advisor's absolute discretion it is not practical or desirable to acquire a position in such security. Advisor uses research and trading services furnished by various financial entities with respect to the securities markets, the economy, particular industries, individual issues, and similar topics having broad applications to client accounts. Advisor uses research and trading services for the benefit of all the Advisor's clients, including clients whose securities transactions are not affected by the financial entity providing such services.

Advisor does not use "soft dollars" to pay for research related services. The term, "soft dollars" refers to the receiving of products or services provided by brokers, without any cash payment from an advisor, based on the volume of the advisor's brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the advisor's clients. To the extent that an advisor is able to

acquire these products and services without expending its own resources (i.e. use of soft dollars), it would tend to increase the advisor's profitability. Additionally, the availability of these nonmonetary benefits could influence an advisor to select one broker rather than another to perform services for the advisor's clients. Therefore, Advisor's business policy prohibits the use of soft dollars, in an attempt to minimize conflicts of interest between Client, Advisor, and broker/custodian.

### **RECOMMENDING BROKERS**

The Advisor will assist the Client with developing a relationship with brokers with which the Advisor has a relationship. At this time, Advisor has a relationship with Schwab, which includes transactional costs associated with placing securities transactions through accounts held at Schwab.

The Advisor will make recommendations based on the needs of the Client and the services provided by the broker/custodian such as ability to execute trades, margin rates, on-line access to accounts, transaction charges, consolidated reporting, duplicate monthly statements, and access to all applicable securities implemented by Advisor.

As part of the institutional programs offered by Schwab, the Advisor receives benefits that it would not receive if it did not provide investment advice to clients. While there is no direct affiliation or fee sharing arrangement between Schwab and the Advisor, economic benefits are received by the Advisor which would not be received if the Advisor did not have an established relationship with Schwab. These benefits may include, but are not limited to a dedicated trading desk that services the Advisor's clients, a dedicated service group and an account services manager dedicated to the Advisor's accounts, access to a real time order matching system, ability to block Client trades, electronic download of trades, portfolio management software, access to an electronic interface, duplicate and batched Client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from Client accounts (in accordance with federal and state requirements), and the ability to have custody fees waived.

Schwab Institutional may also provide Advisor with information and consulting services intended to help Advisor manage its business enterprise. These services may include information technology consulting and regulatory compliance publications and presentations. In addition, Schwab paid an independent third party to register the firm as an investment advisor. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services, or pay all or a part of the fees to a third party providing these services to Advisor.

## **PROXY VOTING**

Notwithstanding Advisor's discretionary authority to make investment decisions on behalf of clients, Advisor will not exercise proxy-voting authority over securities held in client accounts. The obligation to vote client proxies shall, at all times rest with the Client. Advisor shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a Client.

Should Advisor inadvertently receive proxy information for a security held in a Client's account, Advisor will make a good faith effort to forward such information to Client in a timely manner, but will not take any further action with respect to the voting of such proxy. Upon termination of its IMA with Client, Advisor shall make a good faith and reasonable attempt to forward proxy information inadvertently received by Advisor on behalf of the client to the forwarding address provided by the Client to Advisor.