



## **BROCHURE**

This brochure provides information about Conlon & Dart LLC's qualifications and business practices. If you have any questions about its contents, please contact us. The brochure has also been made available on our website at [www.conlondart.com](http://www.conlondart.com). Additional information about Conlon & Dart LLC is available on the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Brochure Dated February 9, 2018

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*Conlon & Dart LLC is a registered investment advisor. Registration does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States and Exchange Commission or by any state securities authority.*

## **ITEM 2: MATERIAL CHANGES**

This section discusses only material changes since the last annual update filed on March 28, 2017.

### **Material changes since the brochure was last updated:**

Although not a material change, effective January 1, 2018, Conlon & Dart LLC acquired Kerwin Beley & Associates, a wealth management business, through an asset acquisition. Clients of Kerwin Beley have entered or will enter into new investment advisory agreements with Conlon & Dart.

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## **ITEM 4: ADVISORY BUSINESS**

Conlon & Dart LLC (Conlon Dart) was founded in October 2004 by Mitchell P. Conlon and Stephen H. Dart, the firm's principal owners, each of whom maintained their own investment advisory practices before establishing Conlon Dart. The firm's services include investment advisory and financial planning.

### **Investment Advisory Services**

Conlon Dart invests according to each client's stated investment objectives. These objectives are determined by data gathering, risk assessment questionnaires and interviews during the initial financial planning process. In most instances, an Investment Policy Statement is also established, which further outlines the portfolio's investment objectives and investment restrictions, if designated.

Unless the client instructs otherwise, Conlon Dart maintains limited discretionary trading authority to invest on their behalf.

The firm uses an investment approach that includes both actively managed and passive or index-based investment strategies. Investments are primarily made in mutual funds (including institutional class when available), as well as exchange-traded mutual funds (ETFs), and individual bonds. Conlon Dart generally does not recommend individual stocks as part of its investment process, but such securities may be held in the account if requested by the client.

Generally, an agreement can be terminated upon written notice or upon transfer of the account.

As of December 31, 2017, Conlon Dart managed \$464,206,285 on a discretionary basis.

### **Financial Planning Services**

For individual clients, Conlon Dart typically begins the relationship with a financial planning overview. This overview is initiated once Conlon Dart, along with client, have established clear goals and planning objectives. As needed, or as requested by the client, analysis may be offered for areas such as retirement planning, estate planning, education funding, tax review, insurance, benefits plan(s) and other matters specific to each client's circumstances. Typically, there are no additional fees for financial planning services.

On a case-by-case basis, Conlon Dart will accept Financial Planning engagements for individuals who are not ongoing investment management clients. These engagements are standalone, meaning they are limited in scope and not ongoing, and billed on an hourly rate or project basis.

#### **401(k) Plan Sponsor & Pension Consulting Services**

Conlon Dart offers plan-level investment consulting services for 401(k) plan sponsors. These services, which include investment menu design and performance reporting, are provided on a non-discretionary basis.

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

- ***Investment Policy Statement Preparation (hereinafter referred to as "IPS")***

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

- ***Selection of Investment Vehicles***

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

- ***Monitoring of Investment Performance***

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way

in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

- ***Employee Communications***

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## **Miscellaneous**

### **Retirement Plan Rollovers.**

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Conlon Dart recommends that a client roll over their retirement plan assets into an account to be managed by Conlon Dart, such a recommendation creates a conflict of interest if Conlon Dart will earn a new (or increase its current) advisory fee as a result of the rollover. To the extent that Conlon Dart recommends that clients roll over assets from their retirement plan to an IRA managed by Conlon Dart, then Conlon Dart represents that it and its investment adviser representatives are fiduciaries under the Employee Retirement Income Security Act of 1974 ("ERISA"), or the Internal Revenue Code, or both.

### **Use of Mutual Funds**

Conlon Dart recommends that clients allocate investment assets to mutual funds that a client could obtain without engaging Conlon Dart as an investment adviser. However, if a client or prospective client determines to allocate investment assets to mutual funds without engaging Conlon Dart as an investment adviser, the client or prospective client would not receive the benefit of Conlon Dart's initial and ongoing investment advisory services.

## **Client Obligations**

In performing its services, Conlon Dart shall not be required to verify any information received from the client or from the client's other designated professionals, and is expressly authorized to rely on such information. Moreover, each client is advised that it remains their responsibility to promptly notify Conlon Dart if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Conlon Dart's previous recommendations or services.

## **ITEM 5: FEES & COMPENSATION**

### **Investment Advisory Services**

Conlon Dart is a 'Fee Only' firm and solely compensated by our Clients. We do not receive commissions or any other compensation from any third parties, including financial services firms.

The Client compensates Conlon Dart for its services by paying an advisory fee calculated at the annual rates set forth in the fee schedules below.

### **Investment Advisory Fee Schedule**

<b>Assets Managed</b>	<b>Annual Fee</b>
Amount up to \$1,000,000	0.85%
From \$1,000,001 to \$2,000,000	0.70%
From \$2,000,001 to \$3,000,000	0.55%
Amount in excess of \$3,000,000	0.45%
Additional Account Establishment Fee (first year only)	\$400 per quarter

Fees are paid quarterly in arrears. Fees are due on the first day of the calendar quarter, and are based on the account's asset value based on the average daily balance of the account over the previous calendar quarter.

The fee schedule for 401(k) plan sponsor consulting is as follows:

#### **401(k) Plan Sponsor Consulting Fee Schedule**

<b>Assets Managed</b>	<b>Annual Fee</b>
Amount up to \$2,000,000 <i>If assets are less than \$2,000,000, the plan will be billed at a rate of \$2,500 per quarter until such time that plan assets support the minimum</i>	\$10,000 per annum <i>Minimum 401(k) fee</i>
From \$2,000,001 to \$5,000,000	0.40%
Amount in excess of \$5,000,000	0.35%

Fees are paid quarterly in arrears. Fees are due on the first day of the calendar quarter, and are based on the account's asset value based on the average daily balance of the account over the previous calendar quarter.

#### **Harbour Pointe Fee Schedule**

<b>Assets Managed</b>	<b>Annual Fee</b>
Amount up to \$500,000	1.00%
From \$500,001 to \$999,999	0.75%
From \$1,000,000 to \$1,999,999	0.75%
From \$2,000,000 to \$4,999,999	0.60%
Amount in excess of \$5,000,000	0.50%
Minimum Annual Retainer	\$3,200

Fees are paid quarterly in arrears. Fees are due on the first day of the calendar quarter, and are based on the account's asset value based on the average daily balance of the account over the previous calendar quarter.

*\* The above fee schedule is maintained for a class of clients acquired by Conlon Dart in 2012 from Harbour Point Financial Advisors, LLC.*

All advisory fees are paid quarterly, and calculated at the end of each quarter. Assets are valued based on security pricing provided by the account custodian. Fees are deducted directly from client's brokerage account for payment to Conlon Dart unless Conlon Dart agrees otherwise. If assets are deposited after the inception of the quarter, the account fee payable with respect to such assets is prorated based upon the number of days remaining in the three-month period. Conlon Dart prepares a detailed fee calculation summary each quarter that is included in each Client's quarterly report.



Compensation is received by Conlon Dart after services have been rendered. Conlon Dart, at its discretion, can agree to lower or waive its fees. Either party may terminate the agreement upon written notice to the other party.

In addition to quarterly advisory fees, the account will be assessed transaction charges associated with trade execution. All such costs will be deducted from Client's account by the designated custodian as broker for such transactions. All such fees and charges will be noted on Client's monthly brokerage statements and/or trade confirmations.

Mutual funds and ETFs have expenses that are ultimately borne by clients (including, but not limited to, management fees, brokerage costs, and administration and custody fees). Additionally, mutual funds and ETFs held in a client accounts have annual investment advisory expenses, so clients incur two levels of investment management fees: one indirectly in the form of an investment advisory fee to the investment adviser of each mutual fund or ETF and one to Conlon Dart for its services rendered. Clients should review the applicable prospectuses for mutual funds and ETFs for additional information about these fees and expenses.

Accounts are subject to custodial fees and other incidental charges not identified here, which are described in greater detail in account applications with the custodian.

#### **Supplementary Information – Fees & Compensation**

Conlon Dart, at its sole discretion, maintains the right to negotiate advisory fees, as well as 'grandfather' advisory fees under certain circumstances. Conlon Dart charges fees that it believes are reasonable, but these fees are not always the lowest available from other firms.

#### **Financial Planning Services**

Assuming investment minimums are met (which are discussed in Item 7 below), Financial Planning services are offered to clients at no additional cost. However, Conlon Dart reserves the right to bill separately for more complex planning work.

As referenced previously, Conlon Dart will accept Financial Planning engagements for individuals who are not ongoing investment management clients on a case-by-case basis. These engagements are standalone, meaning they are limited in scope and not ongoing. Services are billed either as a fixed fee or

on an hourly basis. When billed hourly, fees are calculated using the billing rates of the person(s) providing services. Our current rates range from \$100 per hour for staff to \$300 per hour for principals.

## **ITEM 6: PERFORMANCE BASED FEES**

Conlon Dart does not charge any performance-based fees.

## **ITEM 7: TYPES OF CLIENTS**

Conlon Dart offers its services to individuals, corporate pension and profit-sharing plans, trusts and estates, and business entities. The vast majority of the firm's clients are individuals and families.

The minimum portfolio for new clients is \$500,000. This may be comprised of multiple accounts, including individual or joint holdings, IRAs, 401(k) and profit sharing plans, trusts, and accounts held for minors, among others.

At its discretion, Conlon Dart reserves the right to make certain exceptions to minimum portfolio requirements, including for family members of existing clients.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, & RISK OF LOSS**

### **Methods of Analysis**

Conlon Dart relies upon fundamental investment analysis, qualitative analysis, evaluation of economic factors, and broad market trends when assessing investment opportunities. A broad range of sources are utilized to support our decision making process, including information sourced from financial data reporting services, credit rating services, annual reports and prospectuses, independent economic and security level research, financial periodicals, mutual fund data management and research services, and information published by mutual fund companies, including fund level research, published commentaries and conference calls.

As with investing in general, there are significant risks involved with the above methods of analysis. For example, fundamental analysis, which considers a range of financial and economic factors, does not

attempt to predict market movements. Therefore, a security may lose value along with the overall market regardless of other factors considered when evaluating that security. With qualitative analysis, where we consider strength of research and quality of management, a significant risk is simply that our subjective judgment proves incorrect.

### **Investment Strategy**

Conlon Dart's investment strategy emphasizes diversification amongst a broad range of asset classes. Rather than focus primarily on security selection, we seek to identify an appropriate mix of equity securities, fixed income and cash suitable for each client's investment goals and risk tolerance.

Our investment strategy incorporates aspects of *Modern Portfolio Theory*, which attempts to maximize a portfolio's expected return for a given amount of portfolio risk, by carefully choosing the proportion of various asset classes. Also influencing our portfolio construction strategy is the *Fama-French four factor model*, which argues that higher risk stocks, or those with a high book to market ratio commonly called value stocks, as well as small cap stocks, outperform their respective growth and large cap peers over time. Conlon Dart incorporates both actively managed and passively managed investment strategies (typically through index funds) into each investment portfolio. Domestic and international stock and bond mutual funds, exchange traded funds, individual bonds and money funds are our primary investment tools.

For equity focused mutual funds, among other factors, we consider the following:

- **Style** – value versus growth bias
- **Market Capitalization** – blending of large, mid and small cap holdings
- **Sector Allocations** – exposure to various sectors, including financials, healthcare, telecom, etc.
- **Investment Correlations** – how strongly a holding moves with or against the S&P 500 Index.

For fixed income holdings, we consider various risk factors, including credit quality, portfolio duration, global exposure, asset class mix, and inflation protection.

### **Implementation**

Each client is taken through a detailed financial planning and risk assessment process to help determine an appropriate risk level for their portfolio. Generally speaking, portfolios are segmented to include a

suitable level of equity exposure, with the remainder held in bonds, bond focused mutual funds, ETFs and cash.

Portfolios are reviewed periodically, and re-balanced as needed, but no less than once per year. Conlon Dart generally invests in securities that are highly liquid and marketable. We follow a buy and hold approach, and keep trading to a minimum when possible. We believe that limited trading, combined with an emphasis on passively managed investment strategies, help to reduce trading while enhancing tax efficiencies for taxable accounts. With respect to taxable accounts, we seek to implement tax-loss harvesting principles to enhance the portfolio's tax efficiency when practical.

### **Risk of Loss**

While mutual funds and ETFs tend to benefit from broad diversification, individual fund holdings can be highly risky. Emerging market stock, small cap funds, and funds with concentrated portfolios (relative lack of diversification) are examples of funds that can lose considerable value given certain negative market conditions. Bond holdings can also carry significant risk, even when owned through a diversified mutual fund or ETF. Mutual funds and ETFs focused on high yield (low credit quality) bonds or global holdings with emerging market debt are two examples of higher risk bond focused securities. In addition to security level risk, each holding will be subject to varying levels of economic, credit, political, inflationary, and currency risk, each of which can have a sizable impact on a portfolio's return.

Different types of investments involve varying degrees of risk. There is no guarantee that the future performance of any specific investment or investment strategy will be profitable or successfully equal or succeed a specific performance target. It is possible that your investment will lose value even when weighted towards bonds and other fixed income assets. **Investing in securities involves risk of loss that clients should be prepared to bear.**

## **ITEM 9: DISCIPLINARY INFORMATION**

Neither the firm nor any of its advisors have been the subject of events that resulted in disciplinary action from regulators, courts, or the Certified Financial Planner Board of Standards.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

## **ITEM 11: CODE OF ETHICS**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Conlon Dart and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our code of Ethics includes policies and procedures for review of quarterly securities transaction reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g. private placement) or an initial public offering. Our code also provides for oversight, enforcement and record keeping provisions.

Conlon Dart's Code of Ethics further includes the firm's policy prohibiting the use of material non- public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information cannot be used in a personal or professional capacity.

Conlon Dart and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures applicable to all staff. At its core, the code emphasizes the importance of complying with all applicable federal securities laws. The general principles behind the code include:

- Personnel shall place client interests first
- Personnel shall never take advantage of their positions
- Personnel shall keep all client information regarding securities holdings confidential in accordance with Conlon Dart's Privacy Policy

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. It is the policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from such transactions at the detriment of the client. Records are maintained of all securities bought or sold by Conlon Dart, associated persons or related persons and are reviewed each quarter by the firm's Chief Compliance Officer.

Conlon Dart will provide a copy of its Code of Ethics to any client or prospective client upon request. Contact Mitchell P. Conlon at 206.728.0222 for more information.

## **ITEM 12: BROKERAGE PRACTICES**

Conlon Dart recommends brokers to clients, including Schwab Institutional (Schwab) and Fidelity Institutional Wealth Services (Fidelity). When selecting brokers, none of which are affiliated with Conlon Dart, we consider a broad range of factors, including financial strength, quality of their services, trade execution capabilities, products provided and trading expenses.

Conlon Dart may recommend brokers who charge commissions in excess of the lowest available commissions in recognition of the value of products or services provided by the broker/dealer to Conlon Dart. Such products and services may include access to proprietary research systems, access to third party providers of pricing and performance information, and discounts on software applications.

Certain of these support services and/or products assist Conlon Dart in managing and administering client portfolios. Others do not directly provide such assistance, but help in managing and developing Conlon Dart's overall business enterprise.

Conlon Dart periodically reviews the services and costs provided by its brokerage firms to determine if costs and services are provided at a level that outweigh costs to move accounts to another brokerage firm.

Conlon Dart places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Conlon Dart reserves the right to use broker-dealers other than Schwab and Fidelity to execute trades for client accounts maintained at Schwab and Fidelity, and this practice may result in additional costs to clients so that Conlon Dart is more likely to place trades through Schwab and Fidelity rather than other broker-dealers. Both Schwab's and Fidelity's execution quality may be different than other broker-dealers, including each other.

Some of the products, services and other benefits provided by Schwab and Fidelity, benefit Conlon Dart and may not benefit Conlon Dart's client accounts. Conlon Dart's recommendation or requirement that a client place assets in Schwab's or Fidelity's custody is based in part on benefits each provides to Conlon Dart.

### **Trade Aggregation**

Conlon Dart primarily invests in mutual funds, which trade at one price at the end of each business day. Other securities such as stocks, bonds, or ETFs typically trade at different prices throughout the day. For securities that trade throughout the day, Conlon Dart aggregates client transactions where possible and when compliant with our duty to seek best execution for our clients. We can also aggregate our employee trades with client transactions. In these instances, participating clients and employees will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In instances where there is a partial fill of a particular batched order, we will allocate purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

## **ITEM 13: REVIEW OF ACCOUNTS**

Portfolios are reviewed periodically, but no less frequently than annually. Reviews include monitoring of asset allocations to each of cash, fixed income and equity components. Regular monitoring is performed to determine whether such portfolio allocations are being maintained within certain range tolerances. More targeted reviews are also initiated periodically to address different levels of analysis. Included in

this process are fixed income reviews; equity reviews; portfolio re-balancing; and tax-loss harvesting (as needed). Portfolios are reviewed as needed to address significant cash inflows/outflows and to initiate portfolio trades.

**Portfolio Reviewers:**

Mitchell P. Conlon, Partner

Stephen H. Dart, Partner

Rick M. Bryan, Senior Adviser, Partner

Joseph C. Boden, Senior Adviser, Partner

Mr. Bryan and Mr. Boden oversee the ongoing portfolio review process for portfolios. Both Mr. Conlon & Mr. Dart collaborate with Mr. Bryan and Mr. Boden on the portfolio review process and direct action is taken by a Portfolio Reviewer accordingly. In addition, Mr. Conlon & Mr. Dart review portfolios periodically in conjunction with our regular portfolio reporting process.

Written quarterly reports are supplied to all clients providing specific positions and performance information. Additionally, clients receive a monthly brokerage report detailing positions and account activity.

## **ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION**

Conlon Dart does not compensate outside of the firm for the referral of new clients.

## **ITEM 15: CUSTODY**

Conlon Dart does not maintain actual or constructive custody of client assets. Instead, funds are held with an outside brokerage firm such as Schwab or Fidelity. Clients receive regular monthly statements and online access to their accounts directly from the custodians.

Clients should carefully review statements from the custodian firms as well as their 401(k) or other plans and compare the figures with the quarterly reports provided by Conlon Dart. Any discrepancies should be addressed with Conlon Dart staff or the custodian immediately.



## **ITEM 16: INVESTMENT DISCRETION**

In most instances, Conlon Dart maintains limited discretionary trading authority over accounts. This is noted and agreed to within each Client's investment advisory and instructed within their brokerage account application.

Advisory agreements with 401(k) plan sponsors are, in most instances, non-discretionary. We do not accept full discretionary authority or full power of attorney on behalf of clients.

## **ITEM 17: VOTING CLIENT SECURITIES**

Conlon Dart does not vote proxies on clients' behalf, nor does it have written authority to do so.

## **ITEM 18: FINANCIAL INFORMATION**

Conlon Dart does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Conlon Dart bills in arrears and is exempt from the requirement to include a current balance sheet in this document.

Conlon Dart is not subject to bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.