

## 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 is 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 March 30, 2012*

*This brochure updates the prior version dated March 30, 2011. It contains material changes to the structure and format of the document, as required by the United States Securities and Exchange Commission.*

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## **Material Changes**

The Material Sections of this Firm Brochure will be updated annually to reflect material changes that have occurred since the previous release of the brochure.

### **MATERIAL CHANGES SINCE THE BROCHURE WAS LAST UPDATED**

None.

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## **Advisory Business**

Conlon & Dart LLC (Conlon Dart) was founded in October 2004 by Mitchell P. Conlon and Stephen 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 may be terminated upon written notice or upon transfer of the account.

As of December 31, 2011, Conlon Dart managed \$219,702,386. Of this amount, \$210,292,678 was managed on a limited-discretionary basis, with the remainder being non-discretionary.

### **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 Consulting

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.

## Fees and 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

| Assets Managed   | Annual Fee        |
|--|-------------------|
| 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 |

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

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

| Assets Managed  | Annual Fee                                      |
|---|---|
| Amount up to \$2,000,000<br><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 annualized fee.</i> | \$10,000 per annum<br><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%   |

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 payments to Conlon Dart unless Conlon Dart agrees to do 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 may, at its discretion, accept a lower fee schedule and/or waive fees. Conlon Dart or the client may terminate the investment management agreement within five days of the date of acceptance without penalty to the client. After the five day period, either party may terminate the agreement upon written notice to the other party.

In addition to quarterly advisory fees, the account may 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.

Clients who are invested in mutual funds will also be subject to each mutual fund's own investment management fees. Accounts may be subject to custodial fees and other incidental charges not identified here.

### **Financial Planning Services**

Assuming investment minimums are met, 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.

### **Performance Based Fees**

Conlon Dart does not charge any performance-based fees.

## **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 may make certain exceptions to minimum portfolio requirements for family members of existing clients.

## **Methods of Analysis, Investment Strategies, and 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 three 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 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 the use of passively managed investment strategies, help to reduce costs associated with trading fees and portfolio taxation. With respect to taxation, we implement tax-loss harvesting principles to enhance the portfolio's tax efficiency when practical.



## **Risk of Loss**

While mutual funds tend to benefit from broad diversification, individual fund holdings can be highly risky. Emerging market stock, small cap funds, and mutual 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. Mutual funds 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.

## **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.

## **Other Financial Industry Activities and Affiliations**

Conlon Dart is exclusively a fee-only investment management and financial planning firm and has no affiliations with other individuals or firms.

Conlon Dart does have arrangements with Charles Schwab & Co., Inc., and Fidelity Brokerage Services LLC, both members of NYSE and SIPC, for securities transaction and account custody.

Renaissance Asset Advisors, Ltd. and Savings Growers, Inc., the former registered investment advisory entities controlled by Mitchell P. Conlon and Stephen H. Dart respectively, each own 40% of Conlon & Dart LLC.

## Code of Ethics

Conlon Dart maintains a Code of Ethics 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.

Conlon Dart will provide a copy of its Code of Ethics to any client or prospective client upon request.

Conlon Dart or its associates may buy or sell for itself investment products recommended to clients. However, it is the express policy of Conlon Dart that no associated person may purchase or sell a security prior to a similar transaction being implemented for an advisory account. 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. Such records are made available for client inspection upon request. Contact Mitchell P. Conlon at 206.728.0222 for more information.

## Brokerage Practices

Conlon Dart recommends brokers to clients, including Schwab Institutional and Fidelity Institutional Wealth Services. 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. Additional services may include group discounts on computer hardware and other business related expenditures.

Certain of these support services and/or products may assist Conlon Dart in managing and administering client portfolios. Others do not directly provide such assistance, but may 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.

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

Charles Schwab & Co., Inc. ("Schwab") has provided a loan to Advisor to assist its business operations, and the loan is guaranteed by Mitchell P. Conlon and Stephen H. Dart principal(s) of Advisor. The terms of the loan require that management fees to Advisor be paid to an account at Schwab for deduction of interest and principal payments on the loan before Advisor may access such management fees. The loan agreement contains various representations and covenants by Advisor, including, among others, that Advisor will maintain at least \$210,000,000 in end client net assets held at Schwab ("Assets Under Management at Schwab"), and that Advisor will comply with all applicable laws, regulations, and agreements, and obtain all necessary licenses, consents and permits. Upon the occurrence and during the continuance of an event of default under the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on the Advisor's ability to perform services for you.

Some of the products, services and other benefits provided by Schwab, including the loan noted above, benefit Advisor and may not benefit Advisor's client accounts. Advisor's recommendation or requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to Advisor, or Advisor's agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

### **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 may trade at different prices throughout the day. For securities that trade throughout the day, Conlon Dart attempts to aggregate orders together when possible so that clients receive the same average price. This is done to minimize potential conflicts of

interest or favoritism based on portfolio size or other factors. While it is typically not possible to conduct a single trade for all such client positions, we do aggregate such trades when available.

## **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, Principal

Stephen H. Dart, Principal

Rick M. Bryan, Associate

Kirklan C. Schwarz, Associate

Mr. Conlon is lead manager for approximately 105 portfolios and Mr. Dart is lead manager for approximately 120 portfolios.

Mr. Bryan and Mr. Schwarz oversee the ongoing portfolio review process for portfolios. Any potential actions identified in this review process are presented to Mr. Conlon or Mr. Dart for further review. Both principals collaborate with Mr. Bryan and/or Mr. Schwarz on the portfolio review process and direct action is taken by a Portfolio Reviewer accordingly. In addition, both principals review portfolios periodically in conjunction with our regular portfolio reporting process.

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.

## **Client Referrals and Other Compensation**

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

## **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 immediately.

## **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.

## **Voting Client Securities**

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

## **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.

**BROCHURE SUPPLEMENT**



This brochure supplement provides information about Mitchell Conlon, Stephen Dart, Rick Bryan, Kirk Schwarz and William Eichenberger that supplements Conlon & Dart LLC's brochure. That brochure, along with this supplement, is also available on our website at [www.conlondart.com](http://www.conlondart.com). Please contact Mitch Conlon if you would like to receive Conlon & Dart LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Mitch Conlon, Stephen Dart, Rick Bryan, Kirk Schwarz and William Eichenberger are available on the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*Brochure Supplement Dated March 30, 2012*

*This brochure supplement updates the prior version dated March 3, 2010. It contains material changes to the structure and format of the document, as required by the United States Securities and Exchange Commission.*

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## Educational Background & Business Experience

The following individuals are considered “supervised persons” by the SEC. Information related to their education and experience is provided below.

### **Mitchell Conlon**

Mr. Conlon was born in 1960 and holds a Bachelor of Arts degree from University of Washington. He has been active in the financial planning profession for over twenty years, and co-founded Conlon Dart Wealth Management in 2004. Mr. Conlon has held the CERTIFIED FINANCIAL PLANNER™ (CFP®)<sup>1</sup> certification since 1988. He is an active member of the National Association of Financial Planners (NAPFA)<sup>2</sup> and a principal advisor at Conlon Dart. Prior to co-founding Conlon Dart in 2004, Mr. Conlon managed his own financial planning and asset management firm, Renaissance Asset Advisors, Ltd.

### **Stephen Dart**

Mr. Dart was born in 1956 and holds a Bachelor of Arts in Business Administration and Juris Doctor from the University of Washington. Mr. Dart has practiced financial planning since 1980 and is a principal advisor at Conlon Dart. Prior to co-founding Conlon Dart in 2004, Mr. Dart managed his own financial planning and asset management firm, Savings Growers, Inc.

### **Rick Bryan**

Mr. Bryan was born in 1969 and holds a Bachelor of Arts in Business Administration from Western Washington University. Mr. Bryan has held the CERTIFIED FINANCIAL PLANNER™ (CFP®) designation since 2006. Mr. Bryan plays a key role in Conlon Dart's investment research and portfolio monitoring effort, and also helps design financial planning strategies for our clients. Mr. Bryan, an

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<sup>1</sup> The CFP® certification marks in the U.S. indicate that individuals have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients. For more information on certification requirements, see <http://www.cfp.net/become/certification.asp>

<sup>2</sup> The National Association of Personal Financial Advisors is the nation's leading organization of Fee-Only comprehensive financial planning professionals. Members operate under a strict code of ethics; they are trusted, objective financial advisors for consumers and institutions alike. For more information regarding NAPFA's membership requirements, see <http://www.napfa.org/membership/NAPFARegisteredFinancialAdvisorBenefits.asp>

Associate at the firm, joined Conlon Dart in 2006. Prior to joining Conlon Dart, Mr. Bryan spent nine years in pension consulting and administration with G. Russell Knobel.

### **Kirklan C. Schwarz**

Mr. Schwarz was born in 1959 and holds a Bachelor of Science from Michigan Technology University and a Masters of Business Administration from Wayne State University. Mr. Schwarz has held the CERTIFIED FINANCIAL PLANNER™ (CFP®) designation since 2003. Mr. Schwarz plays a key role in Conlon Dart's investment research and portfolio monitoring effort, and also helps design financial planning strategies for our clients. Mr. Schwarz, an Associate at the firm, joined Conlon Dart in 2012. Prior to joining Conlon Dart, Mr. Schwarz spent nine years at Harbour Point Financial Advisors, LLC.

### **William Eichenberger**

Mr. Eichenberger was born in 1948 and holds Bachelor of Elected Studies degree with concentration in Business Administration from the University of Minnesota. Mr. Eichenberger has held the CERTIFIED FINANCIAL PLANNER™ (CFP®) designation since 1995. Mr. Eichenberger is employed on a contract basis and supports the financial planning process at Conlon Dart. Mr. Eichenberger previously was the principal owner of Harbour Pointe Financial Advisors, LLC from 2003 to 2012.

## **Disciplinary Information**

There are no disciplinary actions related to any supervised persons at Conlon Dart.

## **Other Business Activities**

Supervised persons at Conlon Dart do not engage in any investment-related business or occupation outside of their responsibilities within the firm.

## **Additional Compensation**

No individual outside of Conlon Dart's client base compensate any supervised persons for advisory services.



## **Supervision**

Conlon Dart's supervised persons are monitored in the following manner:

### **Mitchell Conlon**

Mr. Conlon is a Managing Member and Principal of Conlon Dart and as such, does not fall under the supervision of any individual. However, since he is deemed a producing manager, he is subject to heightened supervision within in the firm. Mr. Conlon can be reached at 206.728.0222.

### **Stephen Dart**

Mr. Dart is a Managing Member and Principal of Conlon Dart and as such, does not fall under the supervision of any individual. However, since he is deemed a producing manager, he is subject to heightened supervision within in the firm. Mr. Dart can be reached at 206.728.0222.

### **Rick Bryan**

Mr. Bryan reports directly to Mr. Conlon and Mr. Dart, the Principals of Conlon Dart Wealth Management. He can be reached at 206.728.0222

### **Kirklan C. Schwarz**

Mr. Schwarz reports directly to Mr. Conlon and Mr. Dart, the Principals of Conlon Dart Wealth Management. He can be reached at 206.728.0222

### **William Eichenberger**

Mr. Eichenberger reports directly to Mr. Conlon and Mr. Dart, the Principals of Conlon Dart Wealth Management. He can be reached at 206.728.0222