

## **ADV Part 2A Appendix 1 Wrap Fee Program Brochure**



### **SHULMAN DEMEO ASSET MANAGEMENT, LLC**

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**This Wrap Fee Program Brochure provides information about the qualifications and business practices of Shulman DeMeo Asset Management, LLC (“Shulman DeMeo”). If you have any questions about the contents of this Wrap Fee Program Brochure, please contact us at (516) 708-9954 or [jdemeo@shulmandemeo.com](mailto:jdemeo@shulmandemeo.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Shulman DeMeo Asset Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

## **Item 2           Material Changes**

There have been no material changes made to Shulman DeMeo Asset Management, LLC's ADV Part 2A, Appendix 1 Wrap Fee Program Brochure since the previous Annual Amendment filing on March 24, 2016.

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## **Item 4 Services, Fees and Compensation**

### **A. INVESTMENT ADVISORY SERVICES**

The client can determine to engage Shulman DeMeo Asset Management, LLC (“Shulman DeMeo”) to provide discretionary and/or non-discretionary investment advisory services on a wrap fee basis. If a client determines to engage Shulman DeMeo on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client’s particular need.

#### **Shulman DeMeo Asset Management, LLC Wrap Program**

Shulman DeMeo provides investment management services on a wrap fee basis in accordance with Shulman DeMeo’s investment management wrap fee program (the “Program”). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, Shulman DeMeo is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective Program participants should read both Shulman DeMeo’s Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

Shulman DeMeo’s annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Shulman DeMeo), Shulman DeMeo may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

Charles Schwab & Co. (“Schwab”) shall serve as the custodian for Program accounts.

**Wrap Program-Conflict of Interest.** When managing a client’s account on a wrap fee basis, Shulman DeMeo shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. Participation in a wrap program may cost the client more or less than purchasing such services separately. The terms and conditions of a wrap program engagement are more fully discussed in Shulman DeMeo’s Wrap Fee Program Brochure. Because wrap program transaction fees and/or commissions are being paid by Shulman DeMeo to the account broker-dealer/custodian, Shulman DeMeo could have an economic incentive to minimize the number of trades in the client’s account. This presents a conflict of interest. Please refer to the Wrap Fee Program Brochure for more information.

### **PORTFOLIO MONITORING SERVICE**

For clients who wish to also engage Shulman DeMeo for a portfolio monitoring service, such clients may engage Shulman DeMeo to monitor client portfolios or investments held with other independent registered investment advisers. Shulman DeMeo will review various investments, including individual stocks to determine which of these investments is appropriate for each client, depending on his or her individual needs and circumstances. Client investments will then be monitored on a quarterly or as needed basis. Shulman DeMeo will provide this monitoring service on a quarterly basis and will meet with the client at least annually to review performance, allocation of assets, tax liability issues, update the clients profile to

reflect any changes in client circumstances, and review and effect any change of beneficiaries. Although Shulman DeMeo will not be involved in any way in the purchase or sale of these investments, Shulman DeMeo will supervise the client's portfolio and will make investment recommendations to the client in accordance with Shulman DeMeo's fiduciary duties. The current annual fee for portfolio monitoring services is up to 2.00% of the client's assets under management. Please Note: The client and/or his/her/their/its own investment advisers that maintain trading authority, and not Shulman DeMeo, shall be exclusively responsible for the investment performance of any such monitored assets.

#### **B. Shulman DeMeo Asset Management, LLC Wrap Program Fees**

If a client determines to engage Shulman DeMeo to provide investment management services on a wrap fee basis in accordance with Shulman DeMeo's Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, Shulman DeMeo is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from 0.00% to 2.00%.

Shulman DeMeo's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Shulman DeMeo), Shulman DeMeo may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

#### **C. PORTFOLIO MONITORING**

For clients who wish to also engage Shulman DeMeo for a portfolio monitoring service, such clients may engage Shulman DeMeo to monitor client portfolios or investments held with other independent registered investment advisers. The current annual fee for portfolio monitoring services is up to 2% of the client's assets under management.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES FEES (STAND-ALONE)**

Shulman DeMeo's planning and consulting fees are negotiable, but generally range from \$5,000 to \$50,000 on a fixed fee basis, and from \$300 to \$700 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

**Fee Payment.** Clients may elect to have Shulman DeMeo's advisory fees deducted from their custodial account. Both Shulman DeMeo's Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Shulman DeMeo's investment advisory fee and to directly remit that management fee to Shulman DeMeo in compliance with regulatory procedures. In the limited event that Shulman DeMeo bills the client directly, payment is due upon receipt of Shulman DeMeo's invoice. Shulman DeMeo shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

**Other Fees.** As discussed below, unless the client directs otherwise or an individual client's circumstances require, Shulman DeMeo shall generally recommend that Schwab serve as the broker-dealer/custodian for client investment management assets. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses), transaction

charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than Schwab, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.

Shulman DeMeo's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Agreement between Shulman DeMeo and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Agreement. Upon termination, Shulman DeMeo shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

## **Item 5 Account Requirements and Types of Clients**

Shulman DeMeo's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations, and pension and profit sharing plans. Shulman DeMeo generally requires a minimum asset level of \$2,000,000 per household or corporate entity for investment advisory services. Shulman DeMeo, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

## **Item 6 Portfolio Manager Selection and Evaluation**

- A. Shulman DeMeo may allocate a portion of a client's Program assets among Program managers in accordance with the client's financial situation and goals. In such situations, the Program managers shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. Shulman DeMeo shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance and asset allocation. Factors which Shulman DeMeo shall consider in recommending Program managers include the client's financial situation, management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. Shulman DeMeo acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the client account will be paid by Shulman DeMeo, a potential conflict of interest arises in that Shulman DeMeo may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by Shulman DeMeo as a result of the client's participation in the Program may be more than what Shulman DeMeo would receive if the client paid separately for investment advice, brokerage and other services.

As the Program sponsor, Shulman DeMeo shall be responsible for the primary management of the Program.

- C. As discussed below, Shulman DeMeo also offers to its clients discretionary and/or nondiscretionary investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

## **Item 7            Client Information Provided to Portfolio Managers**

Shulman DeMeo shall be the Program's portfolio manager. Shulman DeMeo shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular financial situation and goals. Shulman DeMeo shall allocate each client's investment assets consistent with their financial situation and goals. Clients may, at any time, impose restrictions, in writing, on Shulman DeMeo's services.

As indicated above, each client is advised that it remains his/her/its responsibility to promptly notify Shulman DeMeo if there is ever any change in his/her/its financial situation for the purpose of reviewing/evaluating/revising Shulman DeMeo's previous recommendations and/or services.

## **Item 8            Client Contact with Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9            Additional Information**

A. Shulman DeMeo has not been the subject of any disciplinary actions.

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

Neither Shulman DeMeo, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Shulman DeMeo, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Certain professionals of Shulman DeMeo are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for Shulman DeMeo clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation receives in their capacities as employees of Shulman DeMeo. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received, rather than on a client's needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage Shulman DeMeo or utilize these professionals to implement any insurance recommendations. Shulman DeMeo attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with Shulman DeMeo, or to determine not to purchase the insurance product at all. Shulman DeMeo also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of Shulman DeMeo, which requires that employees put the interests of clients ahead of their own. Shulman DeMeo does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B. Not applicable. Shulman DeMeo does not recommend to clients that they invest in any security in which Shulman DeMeo or any principal thereof has any financial interest.
- C. On occasion, an employee of Shulman DeMeo may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.
- D. On occasion, an employee of Shulman DeMeo may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Review of Accounts**

- A. For those clients to whom Shulman DeMeo provides investment advisory services, account reviews are conducted on an ongoing basis by Shulman DeMeo's Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise Shulman DeMeo of any changes in their financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), financial situation and account performance with Shulman DeMeo on an annual basis.
- B. Shulman DeMeo may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client's financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Shulman DeMeo may also provide a written periodic report summarizing account activity and performance.

## **Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, Shulman DeMeo may receive indirect economic benefits from *Schwab* or other entities including support services and/or products without cost (and/or at a discount). Shulman DeMeo's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Shulman DeMeo to *Schwab* or any other

entity to invest any specific amount or percentage of client assets in any specific securities or other investment products as a result of the above arrangement.

**Financial Information**

- A. Shulman DeMeo does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Shulman DeMeo is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Shulman DeMeo has not been the subject of a bankruptcy petition.