

Pendo LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of PENDO LLC (“PENDO”). If you have any questions about the contents of this brochure, please contact us at 212-880-6446. 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 PENDO is also available on the SEC’s website at www.adviserinfo.sec.gov.

Material Changes

PENDO's most recent update to Part 2 of Form ADV was made in March 2014. PENDO's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by PENDO in prior years.

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Advisory Business

PENDO primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. PENDO generally invests client assets in domestic and international stocks, bonds, mutual funds, and exchange traded funds ("ETFs").

PENDO works with each client to establish an appropriate investment profile. Clients choose from growth, balanced, and conservative strategies, and can impose reasonable restrictions on PENDO's management of their accounts.

PENDO was founded in 2007 and is owned by Tina Larsson and Mark Foley. As of December 31, 2013 PENDO managed \$15.03 million on a discretionary basis on behalf of approximately 50 clients.

Fees and Compensation

PENDO charges most of its clients an annual investment management fee based on the following schedule:

<u>Assets under management</u>	<u>Annual Fee</u>
First \$5 Million	1.00%
Amounts in excess of \$5 Million & up to \$10 Million	0.75%
Amounts in excess of \$10 Million & up to \$15 Million	0.65%
Amounts in excess of \$15 Million	0.50%

PENDO has waived or negotiated lower fees for certain clients, such as charitable organizations or employees' family members.

PENDO does not impose a minimum annual fee.

PENDO charges fees quarterly in arrears based on the account value at the end of the prior quarter. Most clients authorize PENDO to deduct fees automatically from their brokerage accounts, but clients may request that PENDO send quarterly invoices to be paid by check.

If a client terminates the investment management agreement with PENDO in the middle of a billing period, PENDO will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

In addition to PENDO's investment management fees, clients bear trading costs and custodial fees. To the extent that clients' accounts are invested in mutual funds, these funds pay a separate layer of management, trading, and administrative expenses.

Performance Based Fees and Side-by-Side Management

PENDO does not charge performance fees. Side-by-side management of portfolios with differing fees raises the possibility of preferential treatment of a portfolio or a group of portfolios. As a fiduciary, PENDO exercises due care to ensure that investment opportunities are allocated fairly and equitably over time among all suitable clients, regardless of their fee structure. Client transactions in the same securities are generally aggregated with trades for other clients, but may be handled individually when circumstances warrant.

Types of Clients

PENDO primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. PENDO's minimum account size is generally \$250,000, but this amount is negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss

PENDO's Chief Investment Officer, Tina Larsson, and President, Mark Foley, work together to conduct fundamental analysis on all securities bought in client accounts. This analysis varies depending on the security in question. For stocks and bonds the analysis generally includes a review of:

- The issuer's management;
- The amount and volatility of past profits or losses;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

For mutual funds and ETFs the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

PENDO's Investment Committee is led by Tina Larsson, the Chief Investment Officer, and also includes Mark Foley. The Investment Committee generally meets weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

PENDO primarily invests for relatively long-term time horizons, often for a year or more. However, market developments could cause PENDO to sell securities more quickly.

Depending on a client's investment objectives, PENDO might engage in short selling or option writing. The use of short selling and option writing poses additional risks that are discussed in detail with any clients who are considering the use of these investment vehicles.

All investing involves a risk of loss.

Disciplinary Information

PENDO and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

PENDO and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

PENDO has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires PENDO and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. PENDO's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of PENDO's code of ethics is available upon request.

PENDO's employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to clients and pay their share of any transaction costs. However, no employees are allowed to participate in partially filled orders until all clients' orders have been filled. The Chief Compliance Officer monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

PENDO maintains a watch list of securities that are being considered for client accounts, as well as securities already held in client accounts. Any proposed employee transaction involving securities on the watch list requires preclearance from the Chief Compliance Officer. The Chief Compliance Officer does not grant preclearance where it would appear that an employee's trading could disadvantage PENDO's clients.

Under certain circumstances an employee might invest in a security that is not considered suitable for client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for clients, but the Chief Compliance Officer might not allow the security to be purchased for client accounts in order to avoid even the appearance of employees trading ahead of clients. In PENDO's experience, it is rare for an employee's personal trading to limit clients' investment opportunities, but such a situation may arise from time to time.

Brokerage Practices

PENDO manages clients assets held at various custodians as preferred by the client. Whenever the client has no preferred custodian, PENDO generally recommends that clients arrange for their assets to be held with Fidelity Investments ("Fidelity"). PENDO has managed client assets held at Fidelity for many years and has found Fidelity to offer good services at competitive prices.

Soft Dollar Benefits

PENDO receives certain products and services from Fidelity free of charge or at discounted rates. These products and services include:

- The receipt of duplicate client confirmations, statements, and other account information;
- Direct advisory fee-debiting capabilities;
- Access to an electronic network for order entry, including the simultaneous entry of trades on behalf of multiple client accounts;

- A portfolio management system and software that supports PENDO's research processes.

Fidelity does not pay for PENDO employees' travel or accommodation costs in connection with industry conferences.

PENDO does not believe that clients whose accounts are held by Fidelity bear any additional costs in connection with PENDO's receipt of the products and services. Furthermore, Fidelity's provision of these products and services is not contingent upon PENDO formally committing any specific amount of business to Fidelity. However, PENDO would not receive these products and services if client accounts were not held in custody and traded by Fidelity. PENDO's receipt of these products and services does not create a conflict of interest in connection with PENDO's recommendation of Fidelity. Some of the products and services listed above benefit clients whose accounts are held by other custodians.

The Selection of Trading Counterparties

PENDO can typically trade accounts held at Fidelity using other broker/dealers. However, Fidelity charges clients trade-away fees that PENDO believes outweigh any benefits from trading stocks, mutual funds, or ETFs with other brokers. The availability and pricing of bonds varies more widely, so prior to placing a bond trade PENDO solicits bids from several dealers and then executes the trade with the dealer that offers sufficient liquidity and the most favorable pricing.

For clients who elect to have their accounts held by firms other than Fidelity, PENDO's approach is generally to trade stocks, mutual funds, and ETFs with the chosen custodian, and to trade bonds with the dealer that offers sufficient liquidity and the most favorable pricing.

Some clients' accounts are relatively small, in which case the custodian may not allow PENDO to trade through other firms. Other clients may specifically request that their accounts only be traded through a particular broker/dealer. PENDO trades these accounts through the firm chosen by the client, which limits PENDO's ability to seek best execution. Trading restrictions may result in materially higher trading costs and reduced returns.

Best Execution Reviews

On at least an annual basis, PENDO's Chief Compliance Officer and other senior executives evaluate the pricing and services offered by Fidelity and other trading counterparties with those offered by other reputable firms. PENDO has sought to make a good-faith determination that Fidelity and other chosen trading counterparties provide clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by PENDO's receipt of products and services from Fidelity. Historically PENDO has concluded that Fidelity is as good as, or better than, the other firms that have been considered. PENDO would notify its clients if it were to determine that another firm offered better pricing and services than Fidelity.

Aggregated Trades

PENDO typically aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included side-by-side

in bunched client trades. If an order is partially filled, clients will have their orders fully filled on a randomized basis; PENDO will seek to complete any unfilled client orders on the next trading day. Employees are excluded from bunched trades whenever client orders are only partially filled.

When trading accounts through Fidelity and one or more other broker/dealers, PENDO's trader may choose to place smaller trades ahead of larger trades when the smaller trades are not expected to materially affect the price or liquidity of the security in question. This practice may result in accounts held at Fidelity trading after other accounts with disproportionate frequency. It is possible that, over time, this practice could result in clients whose accounts trade through other broker/dealers experiencing a benefit at the expense of the Fidelity accounts.

Client Referrals

PENDO does not compensate Fidelity or any other custodian or broker/dealer for referring client accounts.

Review of Accounts

Accounts under PENDO's management are monitored on an ongoing basis by the Investment Committee members and the Chief Compliance Officer. The Investment Committee members review each account in detail on at least an annual basis, as well as in connection with each client meeting. On at least a quarterly basis, the Investment Committee members and the Chief Compliance Officer review a number of reports that are designed to identify accounts that are outside the expected ranges for returns, exposure to asset classes, and exposure to industry sectors. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. PENDO may supplement these custodial statements with reports provided during client meetings or as requested.

Client Referrals and Other Compensation

PENDO pays a portion of its advisory fees to an outside solicitor, Ernest Werlin, in connection with Mr. Werlin's referral of a client to PENDO. The solicitation fee is paid to the solicitor by PENDO and does not result in an additional charge or cost to the client by virtue of having been introduced by the solicitor.

Other than the previously described products and services that PENDO receives from Fidelity, PENDO does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

Custody

All clients' accounts are held in custody by unaffiliated broker/dealers or banks. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients

should carefully review these statements, and should compare these statements to any account information provided by PENDO.

Investment Discretion

PENDO has investment discretion over all clients' accounts. Clients grant PENDO trading discretion through the execution of a limited power of attorney included in PENDO's advisory contract.

Clients can place reasonable restrictions on PENDO's investment discretion. For example, some clients have asked PENDO not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, PENDO has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that PENDO receives will be treated in accordance with these policies and procedures.

PENDO considers the reputation, experience, and competence of a company's management and board of directors when it evaluates a prospective investment. In general, PENDO votes in favor of routine corporate matters, such as the re-approval of an auditor or a change of a legal entity's name. PENDO also generally votes in favor of compensation practices and other measures that are in-line with industry norms, that allow companies to attract and retain key employees and directors, that reward long-term performance, and that align the interests of management and shareholders. PENDO supplements its evaluation of client proxies with guidance from an independent corporate governance consulting firm.

PENDO has not identified any material conflicts of interest in connection with past proxy votes. Such a conflict could arise if, for example, a client were a senior executive with a publicly traded company and other clients held securities issued by that company. Absent specific client instructions, if PENDO identifies a material conflict of interest it will follow the voting recommendation of the independent corporate governance consulting firm that it has retained.

A copy of PENDO's proxy voting policies and procedures, as well as specific information about how PENDO has voted in the past, is available upon written request. Upon written request, clients can also take responsibility for voting their own proxies, or can give PENDO instructions about how to vote their respective shares.

Financial Information

PENDO has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

PENDO LLC
Part 2B of Form ADV
The Brochure Supplement

100 Park Avenue, 16th Floor
New York, NY 10017

www.PendoLLC.com

Updated: March 2014

This brochure supplement provides information about Tina Larsson, Mark Foley, and Roseanna Torres. It supplements PENDO's accompanying Form ADV brochure. Please contact PENDO's Chief Compliance Officer, Mark Foley, at 212-880-6446 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information is available on the SEC's website at www.adviserinfo.sec.gov.

Tina Larsson's Biographical Information

Educational Background and Business Experience

Tina Larsson was born in 1965. She received a Bachelor of Business Administration degree from Pace University in 1997 and a Masters of Business Administration degree from Pace University in 1999.

Ms. Larsson co-founded PENDO in 2007 and has served as PENDO's Chief Investment Officer and the Chief Executive Officer since that time. Ms. Larsson has over 18 years experience in portfolio management and investment research. In her capacity as a general analyst, Ms. Larsson conducts bottom-up fundamental research and heads the research team.

Prior to co-founding PENDO, Ms. Larsson was a Portfolio Manager at Horizon Asset Management, Inc. from 1996 to 2009 and an Investment Officer of Horizon Global Advisers, LLC from 2005 to 2008.

Disciplinary Information

Ms. Larsson has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Ms. Larsson or of PENDO.

Other Business Activities

Ms. Larsson is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of PENDO.

Additional Compensation

Ms. Larsson does not receive economic benefits from any person or entity other than PENDO in connection with the provision of investment advice to clients.

Supervision

As PENDO's co-founder and Chief Executive Officer, Ms. Larsson shares responsibility for the company's operations with Mr. Foley. Ms. Larsson discusses investment decisions with the other Investment Committee member, Mr. Foley. Operational decisions are discussed with Mr. Foley, and with PENDO's Managing Director, Roseanna Torres. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

Mark Foley's Biographical Information

Educational Background and Business Experience

Mark Foley was born in 1961. He received a Bachelor of Science degree in Business Administration from the University of New Hampshire in 1983 and a Masters of Business Administration degree from Pace University in 1987.

Mr. Foley co-founded PENDO in 2007 and has served as PENDO's Chief Compliance Officer since 2007, President since 2008 and has been a Principal of the firm since 2009. Mr. Foley has over 26 years experience in the financial industry. As part of the research team, Mr. Foley is a generalist conducting fundamental bottom-up research. He is a member of the firm's investment committee which makes all investment decisions, and he also leads the firm's economic research. Mr. Foley's research is frequently published on financial websites such as Morningstar, The Motley Fool, The Business Insider and Advice IQ.

Prior to co-founding PENDO, Mr. Foley had extensive investment experience, focusing on value investing and research. As a student of value investing he remains a proponent of Graham, Dodd, Buffett and Munger. Mr. Foley also served as an independent consultant specializing in financial institutions, working with many of the industry's largest banks and wire houses as a Financial Management Consultant. Mr. Foley began his Wall Street career on the sell-side with Shearson Lehman Hutton in 1988. Mr. Foley continues to be actively involved as a mentor, and has also been an invited guest lecturer for the Executive MBA programs of both UNH and Pace University.

Disciplinary Information

Mr. Foley has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Foley or of PENDO.

Other Business Activities

Mr. Foley is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of PENDO.

Additional Compensation

Mr. Foley does not receive economic benefits from any person or entity other than PENDO in connection with the provision of investment advice to clients.

Supervision

As PENDO's co-founder and President, Mr. Foley shares responsibility for the company's operations with Ms. Larsson. These individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

Roseanna Torres' Biographical Information

Educational Background and Business Experience

Roseanna Torres was born in 1980. She attended Marymount Manhattan College from 1998 to 2000.

Ms. Torres joined PENDO in 2008 as Executive Administrator, and became Managing Director in 2013. Prior to joining PENDO, she worked at Horizon Asset Management, Inc. from 2007 through 2008.

Disciplinary Information

Ms. Torres has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Ms. Torres or of PENDO.

Other Business Activities

Ms. Torres is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of PENDO.

Additional Compensation

Ms. Torres does not receive economic benefits from any person or entity other than PENDO in connection with the provision of investment advice to clients.

Supervision

Ms. Torres' activities and performance are supervised by PENDO's CEO, Tina Larsson, and President, Mark Foley. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.