

**Part 2A of Form ADV: Firm Brochure**

**as of March 2011.**

***Item 1 Cover Page***

**Ascent IT LLC**

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This brochure provides information about the qualifications and business practices of Ascent IT LLC.

If you have any questions about the contents of this brochure, please contact us at +1. 307-459-4701. 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 Ascent IT LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Item 2 Material Changes***

There are no material changes since the last update of the company's brochure in March 2010.

### ***Item 3 Table of Contents***

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#### ***Item 4 Advisory Business***

Ascent IT LLC is an investment advisory company since July 2009. The principal owner is Jeroen Meijer. The company specializes in a limited number of investment methodologies, that involve leverage and quantitative analysis. We do not provide a full range of investment advisory services, nor do we provide general financial planning services.

We carefully analyze if our specialized investment products fit the needs and the risk profile of prospective clients. If yes, we offer our services, if not, we refer prospective clients to other investment advisors.

The types of investments in our investment programs are very specific and focused. They cannot be modified by our clients. If clients so desire, they can modify the amount of leverage applied in the program.

### ***Item 5 Fees and Compensation***

Fees consist of

- a one-time registration fee
- a quarterly management fee
- a quarterly performance fee.

There is no fee per transaction.

The one-time registration fee is 5% of the initial capital, to be levied at the end of the first quarter.

If a customer employs the services of an investment intermediary in The Netherlands, to whom he/she pays a registration fee directly, he/she does not owe any registration fee to Ascent IT LLC.

The quarterly management fee is 0.5% of the asset value in the Account on the last day of the quarter. The management fee for the first quarter of this Agreement will be waived. The management fee for the last quarter of the Agreement, if it is not a full quarter, will be calculated in proportion to the number of working days that the Account was under management in that quarter.

Client authorizes Advisor to request its Custodian to deduct the quarterly management fee and the performance fee (if applicable – see section 6 below) from the Account, in accordance with Rule 206(4)(2) of the U.S. Investment Advisors Act of 1940, as amended. Advisor has a lien on the Account, to ascertain payment of all fees due.

Advisor reserves the right to offer certain participants discounted fees or other promotional pricing. The investment advisory fee, outlined in this agreement, is in addition to any fee Client's Custodian mutual fund may charge.

Advisor does not receive any commissions from other financial institutions for the sale of financial products or services.

***Item 6 Performance-Based Fees and Side-By-Side Management***

The company markets its services to clients in The Netherlands, and to Qualified Investors in the US. The quarterly performance fee is 20% of new profits, subject to a so-called High Water Mark. This is calculated as follows. The first Quarterly Basis is the initial value of the Account. Each subsequent Quarterly Basis is the asset value in the Account at the end of a quarter, under subtraction of investment advisory fees for that quarter. The High Water Mark is the highest Quarterly Basis from any of the previous quarters.

There is a new profit in the current quarter, if the asset value in the Account at the end of the current quarter, minus inflows plus outflows of that quarter, is higher than the High Water Mark.

The performance fee is in accordance with Section 205-3 of the Investment Advisers Act of 1940, and with Section 210 of the American National Securities Markets Improvement Act of 1996.

### ***Item 7 Types of Clients***

The Ascent investment program is open for

- accredited investors residing in the United States (with a net worth of at least US\$ 1.5 million, or with an annual income of at least US\$ 200k during the last 2 years (US\$ 300k together with spouse)), and with an expectation of reaching that level again this year)

- investors residing in The Netherlands.

The program is not available to any person who is not allowed to participate, according to the laws of his or her home country / jurisdiction.

The minimum account size is \$30,000 for US clients, and EUR 25,000 for Dutch clients.

## ***Item 8 Methods of Analysis, Investment Strategies and Risk of Loss***

We do not employ a long-term buy-and-hold strategy, but make daily trades in leveraged mutual funds, effectively taking long or short positions in the S&P 500 index.

### **Market Predictability Risk**

The trading strategy we employ is based on a statistical analysis of historical data. We make trades that, according to historical research, have a higher probability of a profit than of a loss. There is no guarantee that the market will not move against historical statistical odds.

Markets are subject to, sometimes gradual, sometimes sudden, changes in behaviour and predictability over time. The correlation of various technical indicators, used to predict market movements, with the market itself, is not constant. Indicators that work well one year, may not work well another year.

The model we use is adaptive. It regularly examines a basket of technical trading indicators, and determines which subset is most suitable for the current market conditions. Although we do our best to constantly improve the trading strategy, there is no guarantee that we are always able to find successful trading strategies.

### **Leverage Risk**

Because we employ leveraged positions, market movements are amplified, up to a factor 2. Both profits and losses will be larger, compared to a situation where leverage would not have been applied. This makes investments in the Ascent program potentially more rewarding, but also more risky, than unleveraged stock market investments.

For example, an unexpected market crash the size of Black Monday (where the S&P 500 index dropped 21% in one day on October 19, 1987) would cause the portfolio to drop by about 42%, if the entire capital were invested in stock index funds with leverage factor 2; it would cause the portfolio to rise by about 42% if the entire capital were invested in inverse leveraged stock index funds with leverage factor 2. The Ascent YK investment model will reduce portfolio positions, if it detects unstable market conditions. This will reduce fluctuations in the value of the portfolio. However, the Ascent YK investment model may not always be able to see market crashes coming.

### **Statistical Inference risk**

Even when the market behaves according to historical probabilities, there is a risk that our trading strategy suffers losses over a period of time.

(Analogy: suppose we enter into a bet, where we win \$1 if a dice comes up with 1,2,3 or 4, and loose \$1 in case of a 5 or 6. Although unlikely, it is not impossible, that a series of 10 throws makes us loose at every throw).

### **Decoupling from stock index risk**

Because we take daily long or short positions in the S&P 500 index, it is possible that a series of wrong positions would lead to a loss in invested capital, even when the S&P index does not loose value over the same time period.

### **Fund withdrawal timing risk**

Investors in our programs may withdraw their funds at any time. If they withdraw their funds too early, after a relatively short string of losses, they will not be able to take advantage from an eventual recovery of performance.

(Continued analogy: suppose we enter the above bet with \$25. We win \$1 if a dice comes up with 1,2,3 or 4, and loose \$1 in case of a 5 or 6. The odds appear to be on our side in the long run. If we stop playing after a loss of \$5, we loose the opportunity of earning money back with this game).

The recommended time span for investments in the Ascent investment program is several years.

In the event that the Ascent investment program would suffer from a long string of losses, and investors withdraw their funds too late, there is a risk that the invested funds end up fully depleted.

(Continued analogy: suppose we enter the above bet with \$25. We win \$1 if a dice comes up with 1,2,3 or 4, and loose \$1 in case of a 5 or 6. It is unlikely, but not impossible, that a series of 25 throws makes us loose our entire capital).

### **Manual intervention risk**

Most of the time, funds will be invested strictly according to the recommendations generated by the computer model. Under extreme market conditions, we reserve the right to temporarily reduce position sizes. Such extreme conditions may be real or perceived. It cannot be excluded that such reductions, which have the sole intention to



reduce risk, will reduce the profitability which could have been achieved otherwise.

**Imperfect execution risk**

In rare cases, recommendations from the computerized trading model may not be followed, because of disruptions in the transmission of trading recommendations, stock market signals, or trading orders, or because of human errors.

Furthermore, it may not always be possible to follow the recommendations of the trading model, in cases where market conditions change quickly, shortly before the close of the market. Next day's trading recommendations are conditional on the direction of the stock market at the close. Trades can be ordered up to five minutes before the close of the market. If the market moves quickly between up and down in the last few minutes of the day, it may not be possible to enter a trading position for the next day according to the model. This may lead to non-typical gains or losses. The real life trading profit is different from the theoretical trading profit.

**Currency Risk**

Investments at Profunds are denominated in US dollar. If you plan to convert the proceeds of your investments into another currency after some time, the exchange rate may have gone up or down in the mean time. This may lead to a currency gain or loss.

**Regulatory Risk**

Investments Financial regulations and tax laws change over time. This may affect the profitability of the investment strategies.

**Effect of frequent trading on transaction costs and taxes**

Frequent trading does not increase transaction costs. The mutual funds we employ charge a fixed fee per year, not per transaction. We don't charge any transaction fees either.

Frequent trading does increase taxes for US investors who are not registered traders.

For individual US investors, the income tax laws are less advantageous with respect to our trading style than for Dutch individual investors. According to US tax laws, buying, selling, and buying of the same security within 30 days is considered a wash sale, if one of these transactions resulted in a loss. Our short term trading losses cannot offset short term trading gains for tax purposes, unless the individual investor was registered as a trader with the IRS at the start of the fiscal year.

Dutch individual income tax generally requires individual investors to pay a flat percentage on their invested capital, irrespective of whether there was a capital gain or loss. There is no system of offsetting capital gains with capital losses.

For more details, see the Risk Disclosure Statement of Ascent IT LLC.

***Item 9 Disciplinary Information***

Not Applicable.

***Item 10 Other Financial Industry Activities and Affiliations***

Not Applicable.

## ***Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

Following is the Code of Ethics of Ascent IT LLC. Any client or prospective client may obtain a copy of the Code of Ethics upon request.

### **Code of Ethics**

#### **I. Introduction and Overview**

In our efforts to ensure that Ascent IT LLC ("Ascent") develops and maintains a reputation for integrity and high ethical standards, it is essential not only that Ascent and its employees comply with relevant federal and state securities laws, but also that we maintain high standards of personal and professional conduct. Ascent's Code of Ethics (the "Code") is designed to help ensure that we conduct our business consistent with these high standards.

Ascent is a fee-only firm. We believe the best interest of our clients requires the removal of any conflict of interest. Not accepting any commission from outside sources makes us distinct from many advisors described as "fee-based" (fees plus commission) or "fees and commissions" (often meaning a fee for the plan and commissions for the implementation). The only compensation we receive is paid directly to us from our clients. We have no allegiance to any company, product or service and will only make the recommendations we believe are best for you, our client.

The policies and procedures set forth in the Code apply to all employees of the firm. Failure to comply with the Code may result in disciplinary action, including termination of employment.

#### **Ascent holds to the following principles:**

- We are fiduciaries. Our duty is at all times to place the interests of our clients first.
- All personal securities transactions will be conducted in such a manner as to be consistent with the Code of Ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility.
- No employee should take inappropriate advantage of their position.
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of any clients is confidential.
- The principle that independence in the investment decision-making process is paramount.

#### **II. Standards of Business Conduct**

All employees must comply with all applicable federal and state securities laws. Employees are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

- To defraud such client in any manner;
- To mislead such client, including by making a statement that omits material facts;
- To engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon such a client;
- To engage in any manipulative practice with respect to such client; or
- To engage in any manipulative practice with respect to securities, including price manipulation.

#### **Conflicts of Interest**

As a fiduciary, Ascent has an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its clients. Compliance with this duty can be achieved by avoiding conflicts of interest and by fully disclosing all material facts concerning any conflict that does arise with respect to any client. Employees should try to avoid any situation that has even the appearance of conflict or impropriety.

### **Insider Trading**

Supervised persons are prohibited from trading, either personally or on behalf of others, while in possession of material, nonpublic information. All employees are prohibited from communicating material nonpublic information to others in violation of the law.

### **Personal Securities Transactions**

All employees are required to comply with the firm's policies and procedures regarding personal securities transactions.

Once a year, access persons must submit for review their personal securities holdings. This report includes

- (A) The title and type of security, and as applicable the exchange ticker symbol or CUSIP number, number of shares, and principal amount of each reportable security in which the access person has any direct or indirect beneficial ownership;
- (B) The name of any broker, dealer or bank with which the access person maintains an account in which any securities are held for the access person's direct or indirect benefit; and
- (C) The date the access person submits the report.

Every quarter, access persons must submit a securities transaction report.

Access persons must obtain approval before they directly or indirectly acquire beneficial ownership in any security in an initial public offering or in a limited offering.

### **Gifts and Entertainment**

A conflict of interest occurs when the personal interests of employees interfere or could potentially interfere with their responsibilities to the firm and its clients. The overriding principle is that supervised persons should not accept inappropriate gifts, favors, entertainment, special accommodations, or other things of material value that could influence their decision-making or make them feel beholden to a person or firm. Similarly, supervised persons should not offer gifts, favors, entertainment or other things of value that could be viewed as overly generous or aimed at influencing decision-making or making a client feel beholden to the firm or the supervised person.

### **Gifts**

No supervised person may receive any gift, service, or other thing of more than de minimis value from any person or entity that does business with or on behalf of the adviser. No supervised person may give or offer any gift of more than de minimis value to existing clients, prospective clients, or any entity that does business with or on behalf of the adviser without pre-approval by the Chief Compliance Officer.

### **Cash**

No supervised person may give or accept cash gifts or cash equivalents to or from a client, prospective client, or any entity that does business with or on behalf of the adviser.

## **Entertainment**

No supervised person may provide or accept extravagant or excessive entertainment to or from a client, prospective client, or any person or entity that does or seeks to do business with or on behalf of the adviser. Supervised person may provide or accept a business entertainment event, such as dinner or a sporting event, of reasonable value, if the person or entity providing the entertainment is present.

## **Confidentiality**

Information concerning the identity of security holdings and financial circumstances of clients is confidential. All information about clients must be kept in strict confidence, including the client's identity (unless the client consents), the client's financial circumstances, the client's security holdings, and advice furnished to the client by the firm.

Any employee is prohibited from disclosing to persons outside the firm any material nonpublic information about any client, the securities investments made by the firm on behalf of a client, information regarding the firm's trading strategies, except as required to effectuate securities transactions on behalf of a client or for other legitimate business purposes.

## **Service on a Board of Directors**

Because of the high potential for conflicts of interest and insider trading problems, investment personnel may not serve on the boards of directors of any public companies without previous approval from the Chief Compliance Officer. A director of a private company is required to resign at the end of the current term if the company goes public during his or her term as a director.

## **Marketing and Promotional Activities**

All oral and written statements, including those made to clients, prospective clients, their representatives, or the media must be professional, accurate, balanced, and not misleading in any way. Any promotional materials must be pre-approved.

## **III. Other Outside Activities**

### **General**

Employees are prohibited from engaging in outside business or investment activities that may interfere with their duties with the firm. Outside business affiliations, including directorships of private companies, consulting engagements, or public/charitable positions must be approved in writing by the Chief Compliance Officer.

### **Fiduciary Appointments**

Approval must be obtained from the Chief Compliance Officer before accepting an executorship, trusteeship, or power of attorney, other than with respect to a family member. Fiduciary appointments on behalf of family members must be disclosed at the inception of the relationship.

### **Creditors Committees**

Employees are prohibited from serving on a creditors committee except as approved by the firm as part of the person's employment duties.

## **Disclosure**

Employees should disclose any personal interest that might present a conflict of interest or harm the reputation of the firm.

## **IV. Chief Compliance Officer**

Ascent has appointed Jeroen Meijer as its Chief Compliance Officer. All references to the Chief Compliance Officer or CCO in the Compliance Manual or elsewhere refer to Jeroen Meijer. Training and education regarding the Code of Ethics will occur periodically, but at least annually. All employees are required to attend any training sessions or read any applicable materials.

## **V. Reporting Violations**

All employees are required to report violation of the firm's the Code promptly to the Chief Compliance Officer.

### **Confidentiality**

All reports will be treated confidentially to the extent permitted by law and investigated promptly and appropriately. Reports may not be submitted anonymously.

### **Types of Reporting**

The types of violation reporting, such as noncompliance with applicable laws, rules, and regulations; fraud or illegal acts involving any aspect of the firm's business; material misstatements in regulatory filings, internal books and records, clients' records or reports; activity that is harmful to clients, and deviations for required controls and procedures that safeguard clients and the firm.

### **Apparent Violations**

Employees are required to report "apparent" or "suspected" violations in addition to actual or known violations of the Code.

### **Retaliation**

Retaliation against an individual who reports a violation is prohibited and constitutes a further violation of the Code.

## **VI. Sanctions**

Any violations of the Code of Ethics will result in disciplinary action that a designated person deems appropriate, including, including but not limited to, a warning, fines, disgorgement, suspension, demotion, or termination of employment. In addition to sanctions, violations may result in referral to civil or criminal authorities where appropriate.

## **VII. Definitions**

### **Access Person**

An access person is any one that may have access to client information.

**Supervised Person**

Includes Directors, officers, and partners of the firm, employees of the firm, and any other person who provides advice on behalf of the adviser and is subject to the adviser's supervision and control.

**Covered Securities**

Any stock, bond, future, investment contract or any other instrument that is considered a "security" under the Investment Advisers Act. Covered securities do not include:

- Direct obligations of the US Government (e.g., treasury securities)
- Bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt obligations, including repurchase agreements.
- Shares issued by money market funds
- Shares of open-end mutual funds that are not advised or sub-advised by the firm
- Shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are funds advised or sub-advised by the firm.

**Avoidance of conflicts of interest**

We invest part of the company's capital in the same way as client capital.

The Profunds mutual funds that we employ, allow only one trade per day, at the market close. Since we can only buy and sell at market close, not during the day, there are no differences in entry and exit prices between different clients or ourselves. We cannot give some clients better execution prices than other clients or ourselves.

Trading at the close only also makes front running impossible. We cannot take a position of our own, one minute later execute a large transaction for all of our clients, and the next minute unwind our own position with a profit.

We trade leveraged S&P 500 mutual index funds, not individual stocks. (When we are not invested in the stock market, capital is put in money market funds.) This makes market manipulation virtually impossible.

We cannot move the top of the U.S. stock market with our small positions.

We cannot benefit from inside information from single companies, since the S&P 500 index is comprised of stocks of 500 different companies.



## ***Item 12 Brokerage Practices***

Client funds held at an independent mutual fund.

Clients keep their funds under their own name at an external financial institution, preferably Profunds. We never keep client funds in our own bank or trading accounts. We only request limited trading authorization on the client accounts, and the authorization to withhold commissions.

Profunds is an independent mutual fund, registered with the SEC. We are not affiliated with ProFunds in any way, and do not receive any financial compensation, research reports or other soft-dollar benefits from them. Profunds provides daily on-line account statements, confirmations of transactions by either paper mail or email, and a quarterly account overview.

This leads to greater safety and transparency for our clients.

The Ascent YK program trades with Profunds mutual funds, rather than with S&P500 ETFs from other companies, because the mutual funds from Profunds track the S&P500 better than most ETFs. The correlation of many S&P 500 ETFs with the S&P500 index itself is less than 1.

Statistical tests for the Ascent YK strategy have been based on long time series of the S&P500. Modern mutual funds and ETFs, that track the S&P 500, have not been around long enough, to allow for a comprehensive analysis of the behaviour of the stock market.

Because the Ascent YK investment methodology is based on an analysis of the S&P 500 index itself, it has to trade in financial instruments that track the S&P 500 as good as possible. The tracking error of many S&P 500 ETFs is a bit too large, and would negatively affect our investment performance.

Another reason why we favor Profunds, is that it is the only mutual fund with S&P 500 index funds that we know of, that is open to foreign investors. We market ourselves actively outside the US, in The Netherlands.

### ***Item 13 Review of Accounts***

Once a year, a financial eligibility review is performed, to see if customers still qualify to participate in our program.

Trading reviews are performed every trading day. We receive a daily buy/sell recommendation on general stock market indices from an independent company that provides timing services. This buy/sell recommendation is based on daily statistical data analysis, and is generated by a computer model. The buy/sell decisions are uniformly applied to all accounts under our management. Reviewer: Jeroen Meijer, president and CEO. Reviews all accounts.

Customers have 24 hours per day access to the website of Profunds, which provides a daily updated overview of capital in- and outflows, trading positions, and results. Customers can elect to receive paper or email account statements from Profunds. (We only trade mutual fund shares from Profunds. We are not affiliated in any way with this company. We do not receive any commission from Profunds). On top of the daily reports, Profunds provides a quarterly summary account statement. We don't provide client account reports ourselves. This separation of functions guarantees an independent evaluation of our performance.

***Item 14 Client Referrals and Other Compensation***

Ascent IT LLC seeks to co-operate with Dutch investment advisors for sales services. Dutch clients referred to us will pay a one-time registration fee to the Dutch investment advisor for the introductory services. Ascent IT LLC does not pay for client referrals. This way, a conflict of interest is avoided. Since the client pays the sales agent, not us, the sales agent has no incentive to favor our investments over others, and can focus on determining whether the investment fits the customer or not.

### ***Item 15 Custody***

Clients keep their funds under their own name at an external financial institution, preferably Profunds. We never keep client funds in our own bank or trading accounts. We only request limited trading authorization on the client accounts, and the authorization to withhold commissions.

Customers have 24 hours per day access to the website of Profunds, which provides a daily updated overview of capital in- and outflows, trading positions, and results. Customers can elect to receive paper or email account statements from Profunds. On top of the daily reports, Profunds provides a quarterly summary account statement. Clients should carefully check the account statements.

We don't provide client account reports ourselves. This separation of functions guarantees an independent evaluation of our performance.

### ***Item 16 Investment Discretion***

#### **Discretion**

Client's Account will be managed with full discretion by Advisor. Advisor will make buy and sell decisions for the Account, without consultation with or consent from Client before every transaction, taking into account the general Investment Restrictions.

#### **Investment Restrictions**

Advisor shall manage the assets that Client has given into the care of Advisor according to the Ascent YK programme. A computer program generates trading signals, that recommend Advisor to either buy a leveraged stock index fund, a reverse leveraged stock index fund, or a money market fund, in proportions that may vary daily. The maximum leverage factor is two. In times of crisis, or in cases where Advisor is unable to obtain a computerized trading recommendation in time, Advisor may park all capital in a stable money market fund. Client may request reasonable restrictions to the investment decisions.

#### **Access to Client's Account**

Client will grant Advisor a Limited Trading Authorization, i.e. the right to perform buy or sell transactions for Client's Account, held at the Custodian. Advisor has no right to withdraw funds from Client's Account. Advisor has the right to instruct the Custodian to deduct the Investment Advisory Fees from Client's account, in accordance with Rule 206(4)(2) of the U.S. Investment Advisors Act of 1940, as amended.

***Item 17 Voting Client Securities***

The investment products we employ (leveraged stock mutual funds) have no voting rights.

***Item 18 Financial Information***

There are no financial conditions known to us that would impair our ability to meet contractual obligations to clients.

***Item 19 Requirements for State-Registered Advisers***



