

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

**Bruderman Asset Management, LLC**  
**Private Wealth Services Division**

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**Item 1   Cover Page**

This brochure provides information about the qualifications and business practices of Bruderman Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (845) 368-2900 or e-mail us at tcattani@mjbc.com.

Additional information about Bruderman Asset Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 173565.

While Bruderman Asset Management, LLC is a SEC registered investment adviser the use of the term "Registered Investment Advisor" does not imply a certain level of skill or training.

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.

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Disclosure Brochure, is prepared according to the SEC's requirements and rules.

After our initial filing of this Brochure, this Item 2 will be utilized to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Bruderman Asset Management, LLC will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes, as necessary.

To obtain our firm disclosure brochure, the disclosure appendix and brochure supplements (information regarding each of our financial Advisors), our Code of Ethics, or our Privacy Policy, please e-mail us at [tcattani@mjbc.com](mailto:tcattani@mjbc.com), telephone us at (845) 368-2900 or mail your request to the address below.

**Bruderman Asset Management, LLC**  
**Attn: Thomas Cattani, CCO**  
**75 Montebello Road**  
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## Item 4 Advisory Business

Bruderman Asset Management, LLC (“BAM” or “Advisor”) is an SEC registered investment adviser with its principal place of business located in New York. Bruderman Asset Management, LLC was formed in 2014 and its Private Wealth Services division was created in 2016.

BAM is a wholly-owned subsidiary of Bruderman & Company, LLC. Matthew J. Bruderman is the sole member and owns 100% of Bruderman & Company, LLC. BAM is the sole member and 100% owner of Bruderman Brothers, LLC, a FINRA member broker-dealer.

Bruderman Asset Management, LLC offers the following Advisory services to our clients:

### **Portfolio Management Services**

Our firm offers discretionary, and in limited cases, non-discretionary, portfolio management services to our clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. Non-discretionary portfolio management service means that we must obtain your approval prior to making any transactions in your account.

Our investment advice is tailored to meet our clients’ needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

BAM will use a variety of Managed Account Programs in its portfolio management process using exchange traded funds, mutual funds, equity securities, corporate debt securities, municipal securities, U.S. government securities, and other securities or instruments as we may determine including hedge funds and other “alternative” investments. We will monitor your portfolio’s performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

The following Managed Account Programs will be used to invest client funds:

***Moderate Growth Program.*** The Bruderman Moderate Growth Program seeks to achieve long term capital appreciation by investing in a diversified portfolio of equity, alternative and opportunistic investments. The program is suitable for investors seeking to invest over a full market cycle, who can accept moderate levels of volatility and who do not require current income.

***Moderate Income Program.*** The Bruderman Moderate Income Program seeks to achieve a moderate level of current income and long-term capital appreciation by investing in a diversified portfolio of fixed income, equity, alternative and opportunistic

investments. The program is suitable for investors seeking to invest over a full market cycle and who can accept moderate levels of volatility

**Conservative Income Program.** The Bruderman Conservative Income Program seeks to achieve a moderate level of current income and long-term capital appreciation by investing in a diversified portfolio of fixed income, equity, alternative and opportunistic investments. The program is suitable for investors seeking to invest over a full market cycle and who can accept moderate levels of volatility.

**Fixed Income.** The Bruderman Fixed Income strategy seeks to provide exposure to fixed income markets by investing in a diversified portfolio of high quality fixed income assets. The Fixed Income strategy is managed for total return consisting of current income and/or capital appreciation. The Fixed Income strategy typically invests in a portfolio of 3-10 exchange-traded funds and mutual funds and may hold direct fixed income positions as market conditions warrant. The strategy seeks to provide broad exposure to fixed income markets and underlying investments are diversified across sectors, countries and maturities emphasizing higher rated credits. The strategy will typically maintain strategic exposure to core US bond sectors (Treasury/Agency, MBS and high-grade corporate) and may add tactical allocations to adjust sector exposure, duration or credit quality.

**Dividend Strategy.** The Bruderman Dividend strategy seeks to achieve current income and long-term capital appreciation by investing in a diversified high conviction portfolio of dividend paying stocks. Stock selection is driven by fundamental research focused on valuation, financial strength and management quality. The selection universe consists of companies in the S&P 500 and S&P ADR indices and the strategy targets low turnover. The Dividend strategy typically invests in a portfolio of 15 large-capitalization companies and invests no more than 30% of assets in any one sector. The portfolio is balanced across holdings and rebalanced quarterly.

**Growth Strategy.** The Bruderman Growth strategy seeks to achieve long-term capital appreciation by investing in a diversified high conviction portfolio of stocks exhibiting high revenue and earnings growth. Stock selection is driven by fundamental research focused on valuation, financial strength and management quality. The selection universe consists of companies in the S&P 500 and S&P ADR indices and the strategy targets low turnover. The Growth strategy typically invests in a portfolio of 18 large-capitalization companies and invests no more than 30% of assets in any one sector. The portfolio is balanced across holdings and rebalanced quarterly.

**Tactical Equity Strategy.** The Bruderman Tactical Equity strategy seeks to achieve long-term capital appreciation by investing primarily in a diversified high conviction portfolio of equity ETFs. The strategy holds 35% of assets in a core allocation that includes large- and small-cap US equities, non-US equities, alternatives and cash. A satellite portfolio of up to 65% of assets is overlaid and may include country, sector, industry and diversifying ETFs. Satellite portfolio security selection employs a dynamic asset allocation strategy that adjusts portfolio exposure based on a suite of technical indicators. Assets are held in cash when signals are not present.

**Managed Futures Strategy.** The Bruderman Managed Futures strategy seeks to achieve long-term capital appreciation by investing primarily in a portfolio managed futures strategies in the trend-following and global macro sectors. Managed futures strategies invest across the liquid equity, fixed income, commodities and currency markets by applying systematic and discretionary approaches that seek to identify trending markets or the market impact of macroeconomic events. Managers are selected from a platform sponsored by Deutsche Bank that includes over 100 programs across the managed futures investment platform. Sector selection is driven by a top-down assessment of market and macroeconomic conditions and assets are directed towards those strategies expected to benefit most from those conditions. Trend-following strategies tend to perform best in volatile conditions, for example, while global macro strategies tend to benefit from less volatile environments.

Delegation to sub-advisors: We may use one or more sub-advisors to manage a portion of your account. All sub-advisers that we recommend to clients must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state or country authority(ies). We will continuously monitor the performance of any accounts managed by the sub-adviser and will assume discretionary authority to hire or fire the sub adviser where such action is deemed to be in the best interest of the Client. The sub-advisor(s) may use one or more of their own model portfolios to manage your account.

You will be required to sign an individual agreement with the sub-advisor or a tri party agreement with the sub-advisor and BAM. BAM will generally not share in the fees charged by the sub-advisor.

We recommend that you review the statement(s) you receive from the qualified custodian. Please call our office number, located on the cover page of this brochure, if you have any questions about your statement.

### **Financial Planning Services**

We offer broad based financial planning including tax planning, insurance planning, estate planning, disability planning, business planning, retirement planning, education planning, and budgeting and cash flow analysis. BAM strives to achieve a client's long-term financial goals by implementing a financial planning process that may include any or all of the following steps:

- Assessment of a client's present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc.
- Identification of a client's financial and personal goals and objectives. Goals or objectives may include financing a child's college education or retirement planning. The identified goals or objectives are specific, realistic and measurable. All goals include time horizons.
- Resolution of finance related problems. Obstacles to achieving financial independence are identified so that resolution may occur. Examples of problem areas can include too little or too much insurance coverage, inadequate cash flow or a high tax burden.

- Plan Design. A written financial plan is prepared that includes recommendations and solutions to any financial related problems.
- Implementation of the financial plan. The financial plan is finalized and agreed upon. The recommendations and solutions are executed to reach the desired goals and objectives.
- Evaluation of the financial plan is conducted periodically. The financial planning service provides the option of conducting a periodic review and revision of the plan to ensure that the financial goals are achieved. The client may be required to pay an additional fee to exercise this option.

Financial plans are based on your financial situation and the financial information you provide to our firm. If your financial situation, goals, objectives, or needs change, you must notify us promptly.

We also provide financial planning services that cover a specific area, such as retirement or estate planning. We offer consultative services where we set an appointment to meet with you for financial planning advice for an hourly fee.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory/brokerage firm of your choice.

### **Amount of Managed Assets**

As 07/31/2016, BAM managed \$826,693,186 of assets on a discretionary basis and \$1,217,540 of assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Advisory Fee**

(a) The Account will be charged a fee on a quarterly basis in advance (the “Advisory Fee”). The Advisory Fee rate charged each quarter will be one-fourth the annual Advisory Fee rate set forth below. The Advisory Fee rate will be linear, i.e., as the value of the assets reaches various thresholds, all of the assets will be charged an Advisory Fee at the lower rate.

<u>Assets in Account<sup>1</sup></u>	<u>Annual Fee as Percentage of Account Assets</u>
Up to \$1,000,000	1.50%
Up to \$5,000,000	1.25%
Up to \$10,000,000	1.10%
Over \$10,000,000	1.0%

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<sup>1</sup> “Assets in Account” shall include all assets managed by Advisor in any of its asset management programs excluding assets not managed but held in brokerage accounts with Bruderman Brothers, LLC

(b) Additional breakpoints and fee reductions may be granted for advisory relationships in excess of \$25,000,000.00.

(c) The Advisory Fee is payable quarterly in advance, based on the average daily balance in the Account during the preceding quarter. In any partial calendar quarter, the advisory fee will be prorated based on the number of days that the Account was open during the quarter. The fee for the first period will be billed at the beginning of the first full calendar month the account is open, based on the average daily balance for the period the Account has been open.

(d) Client authorizes Custodian to deduct from this Account and pay to Advisor the Advisory Fee for each applicable period. The Advisory Fee will be debited at the beginning of each quarter from the Account. In the event of advisory agreement termination, Advisor will refund pre-paid fees on a pro-rata basis calculated from the date of termination through the end of the quarter.

(e) The Advisory Fee covers the advisory services provided by Advisor, as described in this Agreement. The Advisory Fee covers Transaction Charges (as described below), but does not cover brokerage charges provided by broker-dealers other than BBLLC, custody services provided by any custodian other than Custodian, nor does it cover certain costs or charges that may be imposed by Advisor, BBLLC, Custodian or third parties, including costs associated with exchanging foreign currencies, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfer fees, postage fees, and other fees or taxes required by law. Advisor's representative servicing the Account will receive a portion of the Advisory Fee.

(f) The Account will not be charged fees for the processing, trading and custodian charges in connection with transactions executed through BBLLC ("Transaction Charges"). Transaction Charges generally include a per share charge for exchange-listed securities and a per transaction charge for securities.

(g) Client may deposit cash into an Account at any time, provided that Advisor reserves the right not to accept particular securities into an Account or impose a waiting period before certain securities may be deposited or invested. Client may withdraw Account assets on notice to Advisor, subject to the usual and customary securities settlement procedures. No portion of any prepaid Advisory Fee will be rebated to the Account based on the value of partial withdrawals. Client understands that the Account is designed as a long-term investment vehicle and that withdrawals may impair the achievement of Client's investment objectives.

(h) Client understands that, in addition to the Advisory Fee and Transaction Charges paid pursuant to this Agreement, each fund in which Client may invest pursuant to this Agreement, including exchange-traded funds and mutual funds, also bears its own investment advisory fees and/or other expenses. Client further understands that certain funds available through this Agreement may be available directly from a broker-dealer without paying the Advisory Fee.



(i) Client also understands that Custodian and/or BBLLC may receive payments from certain mutual funds (including money market funds) pursuant to a 12b-1 distribution plan or other arrangement as compensation for distribution and/or administrative services and are distributed from the fund's total assets. The 12b-1 fee and services fee arrangements will be disclosed upon request of Client and are described in the applicable fund's prospectus. If available cash is held in the Account as free credit balances, Custodian and/or BBLLC may receive compensation in connection with those balances.

(j) Certain employees of Advisor are members of Montebello Partners LLC, ("MPLLC") a Delaware Limited Liability Company and an Investment Advisory Firm registered with the Securities and Exchange Commission. MPLLC manages a mutual fund called the GMG Defensive Beta Fund, which will be used in most or all of Advisor programs. Clients will pay, and MPLLC will receive, a separate management fee from GMG Defensive Beta Fund. This is a conflict of interest.

### **General Information**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period.

Termination of the Advisory Relationship - the client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

***Pooled Investment Account Fees:*** All fees paid to Bruderman Asset Management, LLC for investment advisory services are separate and distinct from the fees and expenses charged by such as mutual funds, ETFs, etc. to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the Advisory services being provided.

***Direct Debit vs Billing:*** When authorized by the client, fees are debited from the account in accordance with the terms set forth in the Investment Management Agreement. When calculating fees, we pay careful attention and review them on a regular basis. However, the custodian holding your assets will not determine whether the fee was properly calculated. You are also responsible for confirming that the fee we submit to the custodian is accurate. Clients are provided with an itemized billing

notification, prior to the custodial debiting of your account. Please review these notices carefully and contact BAM with questions or discrepancies.

**ERISA Accounts:** In instances where we provide management to certain retirement plans, BAM may be deemed to be a fiduciary to Advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, BAM may only charge fees in ERISA accounts for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, where those fees are used to offset BAM's advisory fees.

**Advisory Fees in General:** Clients should note that similar Advisory services may (or may not) be available from other registered investment Advisors for similar or lower fees.

**Compensation from Other Business Activities:** Certain individuals of Bruderman Asset Management, LLC are also registered representatives with Bruderman Brothers, LLC (CRD #47957 and SEC Filing #8-51974), a FINRA member broker-dealer, which is wholly owned by Bruderman Asset Management, LLC. In this capacity, these individuals have the ability to receive separate compensation for the products they recommend to clients. This presents a conflict of interest as this gives Bruderman Asset Management, LLC personnel an incentive to recommend investment products based on the compensation received, rather than on a client's needs basis. To mitigate this conflict we advise our clients that no Bruderman Asset Management, LLC client is obligated to purchase any products or services from these individuals. Bruderman Asset Management, LLC has included a list of possible conflicts of interest and ways in which we mitigate these conflicts of interest in Items 10 and 11 of this Firm Disclosure Brochure. Clients are free to purchase investment products that we recommend through any broker/dealer or agent of their choice, that are not affiliated with our firm. Clients may be charged commissions or mark-ups in addition to our advisory fees.

At times, our firm recommends mutual funds. Other than as noted in the ERISA section above, we do not provide offsets for commissions or 12b-1 fees received by our registered representatives.

Commissions and other revenues do not represent 50% or more of our total compensation.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

BAM does not currently charge performance-based fees. However, BAM may do so in the future on certain products, services, or portfolios offered to clients.

## Item 7 Types of Clients

BAM provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and Profit Sharing Plans
- Charitable Organizations
- Corporations

BAM requires a minimum investment of \$1,000,000 to open and maintain advisory accounts. At our sole discretion we may waive this requirement. We may allow accounts of members of the same household to be aggregated for purposes of meeting the minimum account size. We may allow such aggregation, for example, where we service accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts.

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

### **Methods Of Analysis**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse. Charting technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may under-perform regardless of market movement.

**Cyclical analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to anticipate the price movement of the security.

**Economic and Market Analysis.** We attempt to review, summarize and interpret broad global economic and market trends and themes for the purpose of risk identification and opportunity recognition. Not so much as to market timing but as an aid to overall asset

allocation analysis, market-wide trends and developing themes are considered. Recently increased levels of market volatility are considered as are technical and other factors including funds flows, currency movements, commodity prices, inflation, employment, political or regulatory changes.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Mutual Fund and/or ETF Analysis.** We look at the product design, experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Technical analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

**Computer software.** We use computerized financial planning software to organize data and create a preliminary analysis of the client's current and projected financial situation. In order to analyze security performance and risk, we use a variety of technical data supplied by third parties as well as percentile rankings of mutual fund managers' adjusted risk performance.

A risk of such computer programs is that projections and recommendations formulated from the program are generated from assumptions entered by the software's programmers, often based on how markets or securities have historically performed. However, markets and securities can and often do perform differently than they have in the past.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of

information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **Investment Strategies**

We use the following strategy(ies) in managing our portfolios, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** This strategy is a primary strategy in our portfolios. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- Our investment committee believes the securities to be currently undervalued, and/or
- BAM wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before BAM can make the decision to sell.

***Short-term purchases.*** Short-term purchases are not a primary strategy, but may occasionally be employed, where BAM feels the strategy may be of benefit. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, if clients are not participating in a wrap fee based program, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs. Moreover, clients should be aware of the potential for less favorable tax treatment of short-term capital gains.

***Short Sale.*** BAM may utilize short selling strategies. In this strategy, BAM borrows shares of a stock for the client's portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, BAM buys the same stock and returns the shares to the original owner. BAM engages in short selling based on BAM's determination that the stock will go down in price after BAM has borrowed the shares. If BAM is correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit. BAM may also employ sub-advisors, including hedge funds that customarily utilize short sales as an integral part of their investment strategies.

One risk in selling short is that losses are theoretically unlimited; we are obligated to repurchase the stock no matter how much the price has climbed. In addition, even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place. Short selling may not be appropriate in times of inflation, as prices may adjust upwards regardless of the value of the stock.

**Margin transactions.** BAM will purchase stocks for the client's portfolio with money borrowed from the client's brokerage account. This allows the client to purchase more stock than the client would be able to with the cash that is available, and allows BAM to purchase stock without selling other holdings. Again this is a strategy rarely employed by BAM, and only where the Investment Committee feels appropriate.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

As previously stated in Item 5 of this disclosure brochure, management and certain registered personnel of BAM are separately licensed as registered representatives with Bruderman Brothers, LLC. (CRD #47957 and SEC Filing #8-51974), an affiliated FINRA member broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they could receive separate, yet customary compensation.

Bruderman Brothers, LLC. generally acts as broker-dealer for the Investment Programs. Transaction charges for accounts are generally to be passed through to the client. In addition, equity transactions will generally incur costs. The clearing firm will also generally receive all or a portion of the per share charge for equity transactions.

Certain Officers of Bruderman Brothers, LLC and BAM are members of Montebello Partners LLC, ("MPLLC") a Delaware Limited Liability Company and an affiliated Investment Advisory Firm registered with the Securities and Exchange Commission. MPLLC manages a mutual fund called the GMG Defensive Beta Fund, which may be used in BAM's programs. Clients will pay, and MPLLC will receive, a separate management fee from GMG Defensive Beta Fund.

Bruderman Brothers, LLC is a wholly owned subsidiary of Bruderman Asset Management, LLC. Bruderman & Company LLC, which owns Bruderman Asset Management, LLC, also has a controlling interest in MPLLC.

Certain management members and investment advisor representatives are also registered as insurance agents. Products sold through these individuals may generate a commission to the firm and the representative. BAM and its associates have a conflict of interest when recommending insurance products for which they will receive additional compensation. Clients are always free to decline insurance recommendations, or may choose to implement those recommendations through channels unaffiliated with BAM.

The owner of BAM, members of management and other related persons of our firm have a substantial ownership interest in Highwood Capital, LLC ("HC"), the investment manager for Highwood Capital Partners, LP ("HCP"), a fund of hedge funds, and also in Highwood Capital Advisers, LLC ("HCA"), the general partner of HCP. Per the HC operating agreement, BAM has the right to appoint four of the five of HC's investment committee members. HC receives a fee in the amount of 1% per annum of the assets of HCP, and HCA receives a fee in the amount of 10% of HCP's annual profits. BAM is the general manager of both HC and HCA, and has management services agreements with both entities that provide for a fee to BAM of 5% of the revenues of both HC and HCA.

While Bruderman Asset Management, LLC and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the ability to receive separate, additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Clients should be aware that when any affiliated person(s) of Bruderman Asset Management, LLC receive additional compensation this creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Our firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor; we take the following steps to address this conflict:

- I. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm, our employees, and/or affiliated firms to earn compensation from advisory clients in addition to our firm's advisory fees;
- II. We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- III. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- IV. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- V. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Except as those noted above, our firm and our related persons are not engaged in any other additional financial industry activities and have no other industry affiliations. We do not have any referral arrangements with any other registered investment advisers or

any other referral arrangements. Bruderman Asset Management, LLC does not recommend or select investment advisers and receive compensation, either directly or indirectly, for such recommendations.

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

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

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

Our Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm’s access persons. Among other things, our Code contains policies and procedures which comply with Rule 204A-1 of the Advisor’s Act which requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement, and recordkeeping provisions.

Bruderman Asset Management, LLC’s Code further includes the firm’s policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code is available to our Advisory clients and prospective clients. You may request a copy by email sent to [tcattani@mjbc.com](mailto:tcattani@mjbc.com), or by calling us at (845)368-2900.

Bruderman Asset Management, LLC may recommend to clients, or transact buys and/or sells for client accounts, securities in which Bruderman Asset Management, LLC or any related person of the Advisor, have a financial interest.

As noted in Item 10, Bruderman Asset Management, LLC is affiliated with and processes transactions through Bruderman Brothers, LLC, a registered broker/dealer. Bruderman Brothers LLC may, as principal, buy securities for BAM. Additionally, Bruderman Brothers, LLC may effect, for compensation, securities transactions on behalf of such clients of BAM.

BAM and individuals associated with our firm will generally not execute principal transactions with clients in advisory accounts. However, BAM may execute principal transactions on behalf of Wrap Fee Program Accounts. Bruderman Brothers, LLC will only effect these transactions for advisory accounts in accordance with applicable law and regulations.

Bruderman Brothers, LLC may on rare occasions, execute “agency-cross” transactions (i.e., transactions for which Bruderman Brothers, LLC acts as broker for both the client and the counterparty to the transaction). However, Bruderman Brothers, LLC will only



effect these transactions for advisory accounts in accordance with applicable law and regulations.

Because Bruderman Brothers, LLC may receive compensation from the other party to such transaction, Bruderman Brothers, LLC may have a potentially conflicting division of loyalties and responsibilities in effecting agency-cross transactions. Clients who have authorized such transactions may revoke this authorization at any time by written notice to Bruderman Brothers, LLC.

We may purchase securities which we recommend to clients. To mitigate conflicts of interest where employees' trades are favored over client trades, we will aggregate our employee purchases with our client trades and no employee or related account will be favored over any client account. No employee or related account may trade ahead of any client transactions. Our firm will maintain holdings reports and our Chief Compliance Officer will review these reports to ensure that no employees have traded ahead of our clients.

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

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an Advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of Advisory accounts.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- i. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- ii. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- iii. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- iv. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- v. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations

("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer.

- vi. We have established procedures for the maintenance of all required books and records.
- vii. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- viii. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- ix. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- x. We have established policies requiring the reporting of Code violations to our senior management.
- xi. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

Bruderman Asset Management, LLC generally does not accept directed brokerage discretion from any client, but instead requires that clients direct BAM to place trades through Bruderman Brothers, LLC and its clearing firm, National Financial Services ("NFS"), to execute transactions made for the client's account. As disclosed in Item 10 of this Brochure, BAM members are affiliated with Bruderman Brothers, LLC, a FINRA member registered broker-dealer. BAM reserves the right to decline acceptance of any client account for which the client directs the use of a broker-dealer other than Bruderman Brothers, LLC or a clearing firm other than NFS.

Bruderman Asset Management, LLC will make every attempt to obtain best execution, but clients should be aware that the use of our affiliated broker-dealer, as well as the commissions charged by the affiliated broker-dealer, may be higher than commissions or charges otherwise available. A potential conflict of interest exists as members of our firm may also receive brokerage commissions and other fees while acting as the broker/dealer for our advisory clients.

Clients should understand that BAM has a conflict of interest in recommending its affiliated broker-dealer and in recommending the associated services of Bruderman Brothers, LLC's clearing firm. As the affiliated broker/dealer processes more accounts and transactions through NFS, it will be able to use these transactions to meet its minimum monthly clearing fees. This provides a benefit to Bruderman Brothers, LLC, even if no additional commissions are charged. In addition, Bruderman Brothers, LLC receives other fees from NFS, such as rebates on margin account balances, based on accounts and balances carried with NFS. Clients should note that in directing the use of Bruderman Brothers, LLC and NFS, BAM will not have authority to negotiate commissions among various broker-dealers on a trade-by-trade basis and best execution may not be achieved.

Where BAM refers a client to Bruderman Brothers, LLC as introducing broker-dealer for execution, BAM may effectively have discretionary authority to determine commission

rates. BAM will ensure that Bruderman Brothers, LLC charges rates that are either (1) specially-negotiated to reflect discounts available by virtue of the affiliation between Bruderman Brothers, LLC and BAM; or (2) competitive with other full-service brokerage firms offering execution and other services. BAM cannot, however, guarantee that the commissions charged by any broker-dealer used for execution will be the lowest available rates. Clients may be able to obtain similar services at higher or lower commission rates.

BAM may, but shall not be obligated to, aggregate orders for advisory accounts with orders for other advisory accounts or clients. BAM will allocate securities purchased or sold, as well as the expense incurred in the transaction, in a manner that it considers to be equitable and consistent with its fiduciary obligations to clients. Trade aggregation may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. BAM will typically aggregate trades among clients whose accounts can be traded at a given broker. BAM's aggregated trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with BAM.
- 2) The trading desk in concert with the portfolio manager/investment committee must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable BAM to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the NFS, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be documented no later than the morning following the execution of the aggregate trade.

8) BAM's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on BAM's records and to its broker-dealer, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Accounts in these programs will be in the custody of National Financial Services, Inc. (NFS). Clients must include any limitations on this discretionary authority in written statement. Clients may change/amend these limitations as required.

Some mutual funds that may be purchased for an advisory account pay annual distribution charges to broker-dealers, sometimes referred to a "12b-1 fees" and these 12b-1 fees may be partially re-allocated to BAM.

BAM ensures that our clients receive best execution services based on a total mix of all factors and services, as well as quality of execution and products offered by performing a periodic review of these factors.

BAM does not accept directed brokerage from clients.

BAM has not accepted and does not receive any soft dollar compensation. As well, our firm does not receive brokerage incentives for client referrals.

## **Item 13 Review of Accounts**

### **Portfolio Management and Separate Account Management**

**Reviews:** Review of client accounts is performed by an officer of the company on a regular basis and the investment advisor on an ongoing basis. Trade blotters of all transactions are also reviewed by an officer of the company. Review is more frequent should the situation warrant. All accounts are reviewed without priority.

**Reports:** Clients receive monthly statements and confirmations of transactions from their broker-dealer. Additional reports summarizing account performance, balances, and holdings may be delivered, if separately contracted by the client.

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

### **Client Referrals**

BAM currently has not entered into any referral fee arrangements. Although BAM may, in the future, enter into solicitation agreements through which it will receive

compensation for referring clients to other investment advisory programs. Where BAM acts a solicitor, the firm will refer investors to other advisors and receive a referral fee for doing so. At such time that BAM enters into such a relationship, it will provide a separate disclosure statement describing the arrangement and the compensation to be paid to BAM. BAM will also provide the client with the other advisor's disclosure documents. In all cases, solicitation fees or referral fees are paid out of the advisor's stated management fee; clients do not pay an additional fee to BAM.

BAM may enter into solicitation agreements through which it will pay referral fees to a solicitor for referring clients to our firm. In addition BAM associates are compensated through receipt of a portion of the asset-based fee. As such, they receive more compensation when they bring in new clients to BAM, and that compensation may be more than what the person would receive if the client participated in other programs, or paid separately for investment advice, brokerage, and other services.

In addition, the firm periodically offers incentive arrangements whereby associates receive a higher level of compensation based on assets brought to the firm in a specific time period. Therefore, BAM's associates have a financial incentive to recommend the Programs over other programs or services.

BAM may from time to time pay referral fees to our affiliated broker/dealer, or its employees, for referrals of clients, where allowable by law. These referral fees would be paid out of the Program Fees paid to BAM so there would be no additional charge to the referred client.

### **Other Compensation**

As certain members of our adviser are also registered representatives with Bruderman Brothers, LLC. our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of securities or insurance policies or other investment products that we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits Advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Aside from the direct debiting of advisory fees, our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients and do not take any position with respect to class action shareholder lawsuits. Therefore, although our firm may provide investment Advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting guidance regarding proxy issues or class action shareholder suits if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

As an Advisory firm that maintains discretionary authority for clients' accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Bruderman Asset Management, LLC has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Bruderman Asset Management, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.