

Item 1 Cover Page

Design Asset Management, LLC
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March 30, 2020

This brochure provides information about the qualifications and business practices of Design Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 913-717-7597. 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. Registration as a registered investment advisor does not imply a certain level of skill or training.

Additional information about Design Asset Management, LLC also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2 Material Changes

This Brochure dated March 01, 2020, represents the annual amendment to the Brochure for Design Asset Management, LLC.

Since the filing of the last annual update Brochure on March 29, 2019, subsequently amended December 29, 2019, we have updated our ownership and management information, have updated our registration information due to a change from federal to state regulatory jurisdiction, and have updated our address to 1215 West 64th Terrace, Kansas City, MO 64113. We have also made other minor updates but no other material changes were made.

Pursuant to regulatory requirements, we will deliver to you a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting us at (913) 717-7597. Additional information about the firm is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with the firm who are registered as investment adviser representatives of the firm.

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Brochure

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Item 4 Advisory Business

Design Asset Management, LLC is a limited liability company, organized under the laws of the State of Kansas, and was previously registered as an Investment Advisor with the US Securities and Exchange Commission (“SEC”) since April 15, 2014. It will no longer be registered with the SEC but instead will be registered with the states of Missouri, Illinois, and Kansas

The sole owner of Design Asset Management, LLC is Henry S. Lane, who also serves as its President and Chief Compliance Officer.

Design Asset Management maintains a written Business Continuity Plan (BCP) that identifies procedures in the event of an emergency (extended power outage or natural disaster that effects the Advisors place of business) or significant business interruption including incapacitation or death of the sole owner of the Advisor, Henry S. Lane.

Advisory Services

Design Asset Management, LLC (“Design Asset Management” or “Advisor”) is at all times its clients’ fiduciary. Design Asset Management’s principal service is providing fee-based investment advisory services. Fees paid by the client to the advisor are typically based on the Assets under Management (AUM) managed by the Advisor. A fixed service is also available. Both of these fee for service are discussed in more detail in Item 5, Fees and Compensation. The Advisor does not engage in performance-based fee, asset management. The Advisor is not a commission-based Advisor, nor does it participate in commissions of the client’s account custodian. The Advisor consults with prospective clients and with actual clients on an ongoing basis. Then, the Advisor creates and implements, on a discretionary basis, portfolios of financial assets intended to meet each individual client’s needs that may consider, among other things, the client’s financial standing, time horizon, risk tolerance, investment objectives and such personal factors as marital status, family situation, charitable proclivity and such personal preferences as the client may express.

In pursuit of the client’s objectives, the Advisor may use any of the following: exchange listed securities, over-the-counter securities, foreign securities, preferred securities, convertible securities, convertible preferred securities, warrants, corporate debt securities, mortgage backed securities, commercial paper, municipal securities, United States government securities, options on securities, real estate investment trusts, master limited partnerships, closed end mutual funds, open end mutual funds, exchange traded funds and/or certificates of deposit. In short, the Advisor may employ any security legally permissible to be employed.

In the ordinary course of providing investment advisory services, the Advisor will, from time to time, redistribute and adjust investment allocations across asset classes. The Advisor will also increase and decrease holdings of specific securities. The Advisor will, from time to time, increase or decrease a portfolio’s credit cash and/or debit cash position. The Advisor may sell positions for reasons that include, but are not limited to, harvesting capital gains or losses, factor risk, business or sector risk exposure, exposure to a specific security or class of securities, estimation of overvaluation or of overweighting of a position in a portfolio that is inconsistent

with a client's expressed risk tolerance. Of course, changes in a client's personal or financial circumstances (especially those circumstances effecting time horizon and risk tolerance) may result in considerable changes to a portfolio. Client may make additional deposits in cash or securities at any time. Client may elect to terminate this Agreement and withdraw Client's entire Account Balance at any time without cause, upon notice to Advisor. Client may make partial withdrawals upon notice to Advisor. Distributions will be paid in cash within two weeks from the date that Advisor receives the withdrawal request unless Client requests a distribution in securities. Distributions of securities may take four to six weeks to complete. Client funds may be invested in interval funds with liquidity gates that only permit periodic liquidity, such as quarterly. Related withdrawals may be delayed accordingly.

Typically, a client engages Design Asset Management with "Limited Power of Attorney" to act with discretion to implement an investment program. Depending upon the client, the investment program may include:

- full authority in Design Asset Management's discretion to purchase, sell, tender, exchange, convert or exercise and/or otherwise acquire or dispose of and/or trade and deal in or with securities;
 - to sell short, on margin or otherwise, and to cover such short sales;
 - to write, buy and sell options on securities;
 - to borrow funds from the brokerage firm with which the investment advisory clients' accounts are maintained for the purpose of trading on margin;
- to execute such assignments, instruments of transfer, orders and other instruments and to enter into such agreements as may be necessary and proper in connection with the management of a clients' portfolio.

Sub-Advisory Services

Design Asset Management works as a "sub-advisor" to another Investment Advisor. That IA will bill its clients for advisory services, including those services performed by Design Asset Management. That IA will then remit a portion of the clients' total billing to Design Asset Management. Typically, the IA engages Design Asset Management with "Limited Power of Attorney" to act with discretion to implement an investment program for a "group" of the IA's clients. Direction, as to the, asset class selection, risk tolerances, time horizons, and goals of the individual clients' accounts, come directly from the IA. Typically, Design Asset Management does not engage directly with the end client.

Securities Exempt from Registration Under Regulation D

For those clients who are "Accredited Investors", Design Asset Management may, from time to time, recommend investment in privately offered investment opportunities, generally known as "Securities Exempt from Registration Under Regulation D". These investments typically are Limited Partnership Interests in a Limited Partnership or Membership Interests in a Limited Liability Company. Generally, investments of these types are organized and sponsored by a General Partner or a Managing Member for a relatively narrowly defined investment purpose.

Design Asset Management will never receive any direct remuneration from any such investment sponsor. The Advisor's motivation for recommending a client's participation in such an investment is the belief that it is in the client's best interest. As these investments tend to be long-term, relatively opaque, illiquid and require a relatively high dollar minimum investment, Design Asset Management will not make such an investment for a client subject to its Limited Power of Attorney. Rather, each client will personally sign a Subscription Agreement or other such similar document. The client will remunerate the investment sponsor per the terms and conditions set forth in the investment's Offering Memorandum (or similar document) and the investment's Subscription Agreement (or similar document). With respect to the client's investment in a Security Exempt from Registration Under Regulation D, Design Asset Management will bill the client account per the terms of the in place management agreement just as if the investment were in a publicly traded security. The intention is, to the extent possible, render Design Asset Management unconflicted and economically indifferent to any client's participation (or nonparticipation) in a Security Exempt from Registration Under Regulation D.

Recommendation of Other Advisors

Design Asset Management may periodically recommend and refer clients to unaffiliated money managers or investment advisors. Through this arrangement, the client will then enter into an advisory agreement with the third party money manager authorizing it to assist and advise the client in establishing investment objectives and developing an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such, the third party money manager will receive an investment advisory fee, billed in accordance with that advisor's Form ADV. Design Asset Management will not receive any portion of the third party money manager's fee. Design Asset Management will monitor the services provided by the third party money manager to the client and may assist the client in completing their client questionnaire and account opening paperwork. Design Asset Management will also assist in the development of the initial policy recommendations and managing the ongoing client relationship.

Design Asset Management will ensure that all third party money managers recommended to clients are either an investment advisor registered with the Securities Exchange Commission, the state Securities Commission in which the client resides or exempt from such registrations. The client, prior to entering into an agreement with a third party money manager recommended by Design Asset Management, will be provided with that manager's Brochure. In addition, Design Asset Management and its client will agree in writing that the client's account will be managed by that recommended third party money manager on a discretionary basis.

Design Asset Management will tailor its advisory services to its clients' individual needs. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

Design Asset Management, LLC does not provide portfolio management services to wrap fee programs.

As of December 31, 2019, Design Asset Management, LLC had \$48,594,341 in discretionary client assets under management and \$524,191 in non-discretionary client assets under management; for a total of \$49,118,532.

Item 5 Fees and Compensation

Asset Based Fees

Pursuant to an Investment Advisory contract signed by each client, each client pays Design Asset Management an asset-based management fee, paid quarterly in arrears as negotiated with the client, based on the value of portfolio assets of the account on the last business day of the preceding month or quarter, as applicable. New account fees will be prorated from the inception of the account to the end of the first billing period. The advisory fee will be prorated for intraperiod capital flows that will adjust the quarterly billing (up or down) by greater than \$25.00, i.e., if the client withdraws or deposits capital intra quarterly, the advisory fee is charged for the “time” within the quarter that the capital assets have been managed by the advisor.

Asset based fees range from 0.30% per annum to 1.00% per annum on Assets under Management (AUM) depending on the type and complexity of the investment management strategy employed, as well as the size of the account or overall client relationship. Asset management fees may be reduced or waived for directors, officers and employees (and their family members) of Design Asset Management and are negotiable at the discretion of the Advisor. Design Asset Management, LLC reserves the right to offer pro-bono advisory services at their discretion. The qualified, third-party custodian will directly deduct and remit to the Advisor investment advisory fees from the client account quarterly basis.

Fee Schedule Flat Fees based on Assets under Management (AUM)

ASSET ALLOCATION MANAGEMENT USING ETFs AND MUTUAL FUNDS

<u>Asset Level</u>	<u>Fee</u>
\$50,000.00----to \$200,000.00	1% of assets under management (AUM)
\$200,000.00 to \$2,000,000.00	.75% of assets under management (AUM)
Greater than \$2,000,000.00	.50% of assets under management (AUM)

ASSET ALLOCATION MANAGEMENT USING INDIVIDUAL STOCKS AND BONDS, ETFs, MUTUAL FUNDS, AND SECURITIES EXEMPT FROM REGISTRATION (accredited investors only)

<u>Asset Level</u>	<u>Fee</u>
\$50,000.00 to \$1,000,000.00	1% of assets under management (AUM)
\$1,000,000.00 to \$3,000,000.00	.75% of assets under management (AUM)
Greater than \$3,000,000.00	.65% of assets under management (AUM)

FIXED INCOME PORTFOLIOS USING INDIVIDUALLY MANAGED BONDS

<u>Asset Levels</u>	<u>Fees</u>
\$50,000.00 to \$1,000,000.00	.75% of assets under management (AUM)
\$1,000,000.00 to \$10,000,000.00	.50% of assets under management (AUM)
Greater than \$10,000,000.00	.30% of assets under management (AUM)

Additionally, the Advisor will provide the client written quarterly asset allocation and performance reports and will contemporaneously send an invoice to the client detailing the fee calculation and the amount withdrawn from the client account.

Courtesy services include:

- Yearly client 401(k) plan review, if applicable. (Outside retirement assets are NOT included in billable AUM);
- Retirement Planning.
- Home purchase and financing strategy

The qualified, third-party custodian will generate a statement for each client account (generally, monthly; but, not less than quarterly) detailing securities positions, valuations, income, expenses, capital flows and asset transfers. The statement will also depict the amount and date of the fee payment to the Advisor.

Fixed Fees

Some clients will contract to have investment advisory services provided based on a fixed fee rather than based on the dollar value of assets under management. Fixed fee services may be desired for a limited or exceptional scope of investment services. Design Asset Management's fixed fee for investment advisory services will range from \$0.00 to \$100,000.00 annually, as contracted for with the client in advance. Fixed fee-based clients are billed on a quarterly basis in arrears. Situations where fixed or flat fee pricing are available are:

- Client has an existing portfolio that they desire to remain relatively static and desire limited active management of the portfolio. The fee for this service would be LESS than the normal fee schedule based on AUM. The scope of services will be outlined between Client and Advisor and an agreed upon negotiated rate will be determined and placed in writing in the advisory agreement.
- Client may desire services that are above and beyond the normal scope of services provided with the fee schedule based on AUM. This may include: the use of hedging, short-term trading, and derivative trading, college scholarship strategy sessions, tax strategy sessions, wealth transfer strategies for heirs or charitable organizations, increased meetings with the advisor or reporting beyond the normal quarterly reports. The fee for this service would be MORE than the normal fee schedule based on AUM. The scope of services will be outlined between Client and Advisor and an agreed upon negotiated rate will be determined and placed in writing in the advisory agreement.

Sub- Advisory Fees

Design Asset Management will sign an Investment Contract *provided* by the Investment Advisor engaging Design Asset Management to sub-advise and manage assets designated by the IA or the parties will use the Sub-Advisor agreement provided by Design Asset Management or both agreements/contracts will be used in the description of service. Design Asset Management will charge an asset-based management fee, paid quarterly in arrears as negotiated with the IA, based on the value of the managed portfolio assets of the account on the last business day of the preceding month or quarter, as applicable. The IA will bill its clients for advisory services,

including those services performed by Design Asset Management. That IA will then remit a portion of the clients' total billing to Design Asset Management OR Design Asset Management will bill the management fee directly to the end client. **Management Fees are fully negotiable.** Management Fees will range from .0025% to 00.75% of the Assets under Management (AUM). Comparatively, fees are lower for sub-advisor asset management versus an Individual Client due to the limited scope of services. The use of waivers and refunds will be at the discretion of the Investment Advisor *providing* the Investment Contract engaging the sub-advisory services of Design Asset Management. Design Asset Management bills quarterly in arrears.

Other Costs of Investing

Certain investments (for example, closed end mutual funds, open end mutual funds and exchange traded funds) have an inherent "cost of carry", commonly known as the "expense ratio". These costs are built into these investments and are paid indirectly by the client. Despite the "cost of carrying" of certain investments, the Advisor will utilize these investments to the extent that, in the Advisor's professional judgment, the value of accessing an asset class, a skill set or achieving incremental diversification outweighs the added cost. The Advisor's fee is separate and distinct from the cost of carrying an investment.

Likewise, to the extent that any client participates in a "Security Exempt from Registration Under Regulation D" (see Item 4 above), the client will remunerate the investment sponsor per the terms and conditions set forth in the investment's Offering Memorandum (or similar document) and/or the investment's Subscription Agreement (or similar document). The Advisor's fee is separate and distinct from the remuneration paid by the client to the sponsor of a Security Exempt from Registration under Regulation D.

General

The Investment Advisor Industry provides a scope of services for clients nationwide. Advisors may bundle services such as: financial planning, income tax preparation, and estate planning with asset management services. Lower fees for comparable services may be available from other sources. Higher fees for comparable services may be available from other sources. Do your homework and find the advisor that provides the level of service you desire.

Design Asset Management's fees are not payable in advance.

Neither Design Asset Management nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. (i.e., the Advisor does not accept commissions.)

For each of the Advisor's services described above, the Client may terminate these services within five business days of the effective date of an Agreement signed with the Advisor without any payment of the Advisor's fee.

At no time will Design Asset Management accept or maintain custody of a client's funds or securities except to the extent authorized fee deduction is deemed custody. Client is responsible

for all custodial and securities execution fees charged by the custodian and the various broker-dealers through whom the Advisor may effect transactions for the client's account. The Advisor's fee is separate and distinct from the custodian and execution costs.

Item 6 Performance-Based Fees and Side-by-Side Management

Design Asset Management does not charge performance-based fees.

Item 7 Types of Clients

The Advisor will offer its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, investment advisors, and corporations or business entities.

The Advisor does not impose a minimum asset requirement for opening or maintaining an account.

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

Investment decisions are never made in a condition of absolute certainty. Therefore, no investment is riskless. **The investment in securities (i.e. stocks, bonds, mutual funds, ETFs (exchange traded funds) involves a risk of loss of capital that clients should be prepared to bear!** (The Advisor would define 90-Day US Treasury Bills and FDIC insured demand bank deposits as near "riskless", but examples of saving rather than investing). Historically and generally speaking, stocks of companies (equities) have a higher risk of loss and volatility of prices than bonds (fixed income). Risks can be diminished, not eliminated, by long time horizons and diversification across asset classes and individual securities.

The Advisor may utilize fundamental, technical or cyclical analysis techniques in formulating investment opinions and managing client assets. The Advisor approaches the investment process and portfolio construction as both "art and science." The extent to which portfolio decisions are empirically driven is the "science". The timing, weighting and implementation of even empirically driven decisions is subjective and the "art". Furthermore, accommodating client preferences, which are not generally empirically driven, requires "art".

Fundamental analysis is the process of examining relevant data in order to form an opinion on the health of a business and the valuation of the securities the business has issued. Data to be considered includes financial statements, quarterly reports and conference calls, regulatory filings, assessments of managements' competence, prospects for the industry in which the business competes, competitive advantages, competitors and markets. Fundamental analysis is performed on historical and current data with the goal of making financial and operational forecasts. Objectives of fundamental analysis include assessing the probable value of a company's securities versus their current market price and to determine the creditworthiness of the business.

Risks of fundamental analysis include risks that market actions, natural disasters, government actions, world political events or other events not directly related to a specific company's

fundamentals will adversely impact the company and the price of its shares. (i.e. “Macro” considerations may overwhelm “micro”, security specific, considerations.) Other risks include that the possibility that the historical data upon which the fundamental analysis was based may be in error, an act of fraud or may simply no longer be relevant to the ongoing operations of a company. Management changes or the business decisions of current management may not produce metrics consistent with the data utilized in the fundamental analysis. Furthermore, the Advisor may make an error in judgment when inferring the valuation of a company’s securities.

Technical analysis is a method of evaluating securities relying on the assumption that historical market data (prices, volume and open interest) are predictive of future market prices and trends. Technical analysis assumes that market psychology influences trading in a way that enables prediction of the rise or fall of a security’s price. As the interpretation of price charts and other tools of technical analysis is subjective (i.e. two practitioners looking at the same data may disagree on their interpretation), technical analysis is not easily subjected to academic research. Technical analysis is often held in disrepute among academics.

The primary risk in technical analysis is that factors used to analyze the price, trends and volatility of a security may not be replicated. The outcomes of such analysis may not be the same as in past periods where similar combinations existed. Because of the reliance on trends, technical analysis can signal buying at market peaks and selling at market troughs. Furthermore, the subjective nature of technical analysis relies heavily on the skill of the practitioner.

Cyclical analysis is used to determine how economic cycles are likely to effect the returns of an investment, an asset class or an individual company’s profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

In cyclical analysis, economic or business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. Also, the lengths of the economic cycles may be difficult to predict with accuracy. Therefore, the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client’s portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

Investing includes the risk that the value of an investment can be negatively affected by factors specifically related to the investment (e.g., capability of management, competition, new inventions by other companies, lawsuits against the company, labor issues, patent expiration, etc.), or to factors related to investing and the markets in general (e.g., the economy, wars, civil

unrest or terrorism around the world, concern about oil prices or unemployment, etc.). Clients need to be aware that investing in securities involves risk of loss.

The Advisor does not primarily recommend a particular type of security. However, clients are advised that many unexpected broad environmental factors can negatively impact the value of portfolio securities causing the loss of some or all of the investment, including changes in interest rates, political events, natural disasters, and acts of war or terrorism. Further, factors relevant to specific securities may have negative effects on their value, such as competition or government regulation. Also, the factors for which the company was selected for inclusion in a client portfolio may change, for example, due to changes in management, new product introductions, or lawsuits.

The investment strategies the Advisor will implement include purchases of securities intended to be held as long-term (multi-year time horizon) investments, short-term investments (expected to be sold within about one-year) and trading of securities (short term), short sales, margin transactions and option transactions (including covered options, uncovered options or spreading strategies).

Item 9 Disciplinary Information

Neither Design Asset Management nor its management person, including Henry S Lane have ever had any material legal or disciplinary events, currently or in the past. An in-depth list of possible personal and organizational criminal, civil, administrative, and regulatory events follows:

- A. Neither Design Asset Management nor its management persons, incl. Henry S. Lane have ever had a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the firm or Henry S. Lane
 - 1. were convicted of, or pled guilty or no contest to any felony; or misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or a conspiracy to commit any of these offenses;
 - 2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
 - 3. were found to have been involved in a violation of an investment-related statute or regulation; or
 - 4. were the subject of any order, judgement, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.
- B. Neither Design Asset Management nor its management persons, incl. Henry S. Lane have ever had an administrative proceeding before the SEC. or any other federal regulatory agency, or any state regulatory agency, or any foreign financial regulatory authority in which the firm or its management persons or Henry S. Lane

1. were found to have caused an investment-related business to lose its authorization to do business; or
 2. were found to have been involved in a violation of an investment-related statute or regulation and was the subject of any order by the agency or authority
 - a) denying, suspending, or revoking the authorization of the firm or Henry S. Lane to act in an investment-related business;
 - b) barring or suspending the firm's or Henry S. Lane's association with an investment-related business;
 - c) otherwise significantly limiting the firm's or Henry S. Lane's investment-related activities; or
 - d) imposing a civil money penalty of more than \$2500 on the firm or Henry S. Lane.
- C. Neither Design Asset Management nor its management persons, incl. Henry S. Lane have ever had a self-regulatory organization (SRO) proceeding in which the firm or a management person, incl. Henry S. Lane
1. were found to have caused an investment-related business to lose its authorization to do business; or
 2. were found to have been involved in a violation of the SRO's rules and were barred or suspended from membership or from association with other members, or were expelled from membership; otherwise, significantly limited from investment-related activities; or fined more than \$2500.

Item 10 Other Financial Industry Activities and Affiliations

Neither Design Asset Management nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Design Asset Management nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Design Asset Management does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund" and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.

Design Asset Management may recommend other investment advisors for clients, but does not receive any direct or indirect compensation from those advisors. Design Asset Management does not have any other business relationships with the other advisors that would create material conflicts of interest.

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

Design Asset Management has adopted a Code of Ethics and Compliance Manual that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Design Asset Management deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Design Asset Management are conducted in a manner that avoids any conflict of interest between such persons and the Advisor's clients.

Design Asset Management collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Design Asset Management will provide a copy of its Code of Ethics to any client or prospective client upon request.

Design Asset Management and /or its investment advisory representatives do not recommend to clients or buy or sell for client accounts, securities in which the Advisor, its representatives or a related person have a material financial interest.

Design Asset Management and/or its investment advisory representatives may from time to time purchase or sell securities and/or investment products that they buy or sell for the benefit of their clients. The Advisor and/or its investment advisory representatives will never receive more favorable (buy lower, sell higher) than any client transacting in the same security on the same day. Design Asset Management and/or its investment advisory representatives have a fiduciary duty to put the interests of their clients ahead of their own. A vast majority of securities and/or investments products that are bought and sold for clients are highly liquid and block transactions initiated for these securities have little to no impact on market pricing. Occasionally, securities and/or investment products may have limited daily liquidity, or unexpected daily liquidity at a desired buy or sell price. See Block Trading (trade execution) below for further discussion on these situations.

Design Asset Management requires that its investment advisory representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

Item 12 Brokerage Practices

Overarching principal: the fee charged by Design Asset Management is for investment advisory services and is not all-inclusive. Each of the various service providers who supply some good or service to a client's account are compensated by the client, whether or not the client is directly billed. To the extent that the Advisor selects vendors that are paid by the client, a potential conflict of interest exists. As the client's fiduciary, the Advisor will exercise professional judgment to determine that all costs borne by the client are commensurate with the value received.

The Custodian / Clearing Agent / Prime Broker / “Discount Broker”

Design Asset Management, LLC recommends that all clients use a particular broker-dealer for asset custody, clearing, prime broker and “discount brokerage” services. The broker-dealer is recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the client, tools and services made available to the client and the Advisor, and convenience of access to the account trading and reporting.

The major American, “household name” discount brokers each have divisions dedicated to serving the clients of Investment Advisors (IAs). It is in Design Asset Management’s business interest, for the sake of efficiency, to work with relatively few custodians. Therefore, Design Asset Management will recommend that any new client open a customer segregated securities account in the client’s own name on the books and records of one of the major, third-party, qualified custodians. Presently, All individual (non Sub-Advisor) clients of Design Asset Management, LLC have accounts with (broker/dealer, custodian) TD Ameritrade Institutional, Inc.

Having their securities and funds on deposit in customer segregated accounts with a major, third-party, qualified custodian is, in the Advisor’s professional opinion, the single best safeguard available to the investing public. However, because these custodians look to IAs as sources of new accounts, potential conflicts of interest may arise. These custodians exist in a highly competitive marketplace. In their attempt to distinguish themselves, each custodian will provide certain benefits to IAs with whom they share mutual clients. These benefits typically include delivery of client account data, online access to accounts and trading, educational events and seminars, consulting services, third-party research, affinity group discounts and customary business gratuities, such as an occasional lunch or minor gift (coffee mug, etc.).

Design Asset Management does not and will not accept cash remuneration for referring clients to a given custodian.

Block Trading

In the ordinary course of business, an Investment Advisor is likely to determine that buying or selling a given security on a given day is in the best interest of more than one of its clients. To the extent practical, Design Asset Management will determine the total quantity of securities required by its clients and determine the specific accounts to which they will be allocated in advance of trading. Following the completion of a trade, allocations to specific accounts will be timely, impartial and efficient.

Design Asset Management may combine orders into block trades when more than one client is buying (or selling) the same security on the same date. “Blocking” client orders is a technique designed to provide all clients with fair and impartial treatment. All clients participating in a block execution receive identical pricing when buying or selling the same security on the same day. Block trading is performed consistent with the duty to seek best execution and is consistent with the terms of Design Asset Management’s investment advisory agreements.

If an order is filled in its entirety, securities purchased (or sold) in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated *pro rata* based on the allocation statement. Design Asset Management may allocate trades in a manner different than indicated on the allocation statement (*non-pro rata*) only if all managed accounts receive fair and equitable treatment. The Advisor will never intentionally favor or disfavor any account or any client over any other account or client. However, circumstances may cause the Advisor to override the allocation statement and substitute professional judgment given actual circumstances.

“Prime Broker” versus “Executing Broker”

For those clients who qualify with the custodian (based on account assets), the custodian serves as the account’s Prime Broker. That is, all client securities and cash remain on the books of the custodian. However, the Advisor can initiate trades on behalf of the client at any number of Executing Brokers. The client needs to open only one account and remains anonymous to the Executing Broker. Any trades for the client’s account are settled between the Prime Broker and the Executing Broker on a “broker to broker basis”. In the Advisor’s professional opinion, this rubric effectively places a large number of brokers in competition with each other for the clients’ business. The Prime Broker typically charges a flat rate “ticket charge” to clear and settle the trade. Executing Brokers acting as brokers earn a commission. Executing Brokers acting as dealers earn a mark-up (buy transactions) or a mark-down (sale transactions). Again, it is the Advisor’s professional judgment that the increase in cost is offset by a greater increase in value when transacting with multiple, competing Executing Brokers.

Soft Dollar Arrangements

TD Ameritrade Institutional, Inc. Custodian:

As discussed above, Design Asset Management (The Advisor) receives benefits including: delivery of client account data, online access to accounts and trading, educational events and seminars, consulting services, third-party research, affinity group discounts and customary business gratuities, such as an occasional lunch or minor gift (coffee mug, etc.).

These benefits are available to all advisors and The Advisor has no formal arrangement including *quid pro quo* maintaining a level of custodian service fees for access to these benefits.

Other large discount broker platforms offer similarly priced services to customers and benefits to advisors. As the client’s fiduciary, The Advisor will exercise professional judgment to determine that all costs borne by the client are commensurate with the value received.

The Advisor presently has no other soft dollar arrangements with brokers in connection with securities transactions or other investment products.

Executing Brokers, Acting in their Dealer Capacity

“Over the counter markets”, such as the bond markets, are serviced by Executing Brokers acting in a dealer capacity. That is, the Executing Brokers purchase bonds for their own account and

risk either from other dealers or from their customers. They then attempt to resell their “inventory” at a profit (a “mark-up”). The Advisor has no obligation to transact with any particular Executing Broker. Moreover, on a daily basis, the Advisor is in contact with numerous Executing Brokers and reviews hundreds of bond offerings. In the Advisor’s professional judgment clients are well served by transacting with multiple, competing Executing Brokers.

On any individual trade, an Executing Broker acting in a dealer capacity may make or lose money. However, in the aggregate, Executing Brokers acting in a dealer capacity can be expected to earn mark-ups (client “Buy” transactions) and mark-downs (client “Sell” transactions). These costs are ultimately borne by the client and provide Executing Brokers remuneration for liquidity, access to “merchandise” and compensate the Executing Broker for the risk inherent in principal transactions.

“Best Execution”

As an investment advisory firm, Design Asset Management has a fiduciary duty to seek best execution for client transactions. Industry participants and regulators consider “best” a term to which some subjectivity and professional judgment applies. “Best execution” is not defined solely to mean the achievement of the best price on a given transaction.

Rather, best execution is determined by a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. Design Asset Management’s objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Design Asset Management may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker. As part of our best execution review, we periodically review the custodian’s SEC Rule 606 report disclosure. The report discusses routing of the custodian’s order flow. Presently, TD Ameritrade routes customer order flow to a number of “third party” execution services who pay Td Ameritrade for this arrangement.

Client Referrals

Design Asset Management does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

Item 13 Review of Accounts

Investment advisory client accounts are monitored and reviewed on an ongoing basis by the principal of the firm, Henry S. Lane, President Chief Investment and Compliance Officer. The nature of the review is to determine if the client account is consistent with the client’s stated objectives.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

The client will receive written statements not less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, broker-dealers and others who are involved with client accounts.

The Advisor will provide clients with a quarterly recap of the fee calculation, a statement of portfolio holdings and valuations and portfolio performance calculations. On an annual basis, the Form 1099 will be provided by the custodian.

Item 14 Client Referrals and Other Compensation

Design Asset Management is directly compensated by its clients for providing investment advice or other advisory services. In some instance, Design Asset Management works as a “sub-advisor” to another Investment Advisor. That IA will bill its clients for advisory services, including those services performed by Design Asset Management. That IA will then remit a portion of the clients’ total billing to Design Asset Management.

Design Asset Management does not directly or indirectly compensate any person who is not a supervised person for client referrals.

Item 15 Custody

Design Asset Management does not have custody of client funds or securities. The custodian TD Ameritrade Institutional Inc., maintains custody of client funds and securities. Design Asset Management DOES withdraw management fees directly from client accounts. This authorization by the client takes place in both the account opening process with the custodian (TD Ameritrade account application section 9 Advisor Authorizations, Fee Deductions and Payment Authorizations) and by signing the Client Advisory Agreement.

Using, California Code of Regulations section 260.237. Custody or Possession of Funds or Securities of Clients as guidance, Design Asset Management may withdraw fees directly from client’s account, having agreed to the following safeguards:

(3) Fee Deduction. Notwithstanding paragraph (a)(6) of this section, an investment adviser is not required to obtain an independent verification of client funds and securities maintained by a qualified custodian, and will not be required to meet the custodial requirements set forth in CCR sections 260.237.2 and 260.241.2 of these rules if all of the following are met:

- (A) The investment adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.
- (B) The investment adviser has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.

(C) Each time a fee is directly deducted from a client account, the investment adviser concurrently:

1. Sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and
2. Sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

(D) The investment adviser notifies the Commissioner in writing that the investment adviser intends to use the safeguards provided in this paragraph (b)(3). Such notification is required to be given on Form ADV.

However, as noted in Item 13 above, clients will receive statements not less than quarterly from the qualified custodian, and we encourage you to review those statements carefully. Any discrepancies should be immediately brought to the firm's attention.

Design Asset Management will also provide account statements to clients as described in Item 13. Clients are urged to compare the account statement they receive from the qualified custodian with those they receive from Design Asset Management. Any discrepancies should be immediately brought to the firm's attention.

Item 16 Investment Discretion

Design Asset Management generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Design Asset Management.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Design Asset Management will be in accordance with each client's investment objectives and goals.

Design Asset Management has discretion over the Custodian / Broker Dealer to be used and commission rates to be paid, insofar as recommending that clients open accounts with TD Ameritrade Institutional. Commission (brokerage) rates paid by the client to Custodian are standard discount brokerage rates.

See: Item 12 Brokerage Practices for discussion on the Custodian selection and the use of Prime Brokerage.

Item 17 Voting Client Securities

Design Asset Management will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Design Asset Management does not give any advice or take any action with respect to the voting of these proxies. The client and Design Asset Management agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

Item 18 Financial Information

Design Asset Management does not require or solicit prepayment of more than \$500.00 in fees per client, six months or more in advance, and is not required to file a balance sheet.

Design Asset Management has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Design Asset Management does become aware of any such financial condition, this brochure will be updated and clients will be notified.

Design Asset Management has never been subject to a bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

- A. See Part II.B below.
- B. See Part II B item 4 below and Part II A item 10 above.
- C. Kansas Disclosure Requirement Addendum K.A.R. 81-14-10(b)(2) The Advisor does not carry professional liability insurance.

Part 2B of Form ADV: Brochure Supplement

Item 1.

Design Asset Management, LLC
1215 West 64th Terrace
Kansas City, MO 64113
(913) 717-7597

March 30, 2020

Supervised Person: Henry S. Lane CRD# 4875838

This brochure supplement provides information about Henry S. Lane that supplements the Design Asset Management, LLC brochure. You should have received a copy of that brochure. Please contact Henry S. Lane if you did not receive Design Asset Management, LLC's brochure or if you have any questions about the contents of this supplement. Additional information about Henry S. Lane is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Educational Background and Business Experience

Henry S. Lane (dob 06/23/1961)

Bachelor of Arts degree (Finance), University of South Florida, 1985.

From June 1, 2014 through the present, Henry S. Lane has served as a Member of and an Investment Adviser Representative of Design Asset Management, LLC.

For approximately ten years pre-dating the founding of Design Asset Management, LLC, Henry S. Lane was employed by an Investment Adviser (Sterneck Capital Management, LLC. CRD# 111463) registered with the US Securities and Exchange Commission as a portfolio manager and a client relationship point person.

From approximately December 1985 until June 1998 was a member of the Chicago Mercantile Exchange. Within this period, Henry was a member of the Chicago Board of Trade and the London International Financial Futures Exchange. Henry managed and traded portfolios of derivative instruments (future contracts and option contracts) including, but not limited to, stock indexes, Euro dollars, United States government treasuries, foreign currencies, foreign bonds, and commodities. Henry was also in a supervisory and risk management role for other portfolio traders with his firm

Item 3. Disciplinary Information

Item 3 of this Brochure Supplement requires the disclosure of “legal or disciplinary events material to a client's or prospective client's evaluation of the supervised person, disclose all material facts regarding those With respect to Henry S. Lane, there are no material “legal or disciplinary events” of any kind to disclose.

Reference Part 2A Item 9 (A), (B), and (C).

Item 4. Other Business Activities

Since 1999, Henry S. Lane has served without compensation as a Member of the Board of The Bach Aria Soloists, a 501c3 non-profit organization.

Item 5. Additional Compensation

Henry S. Lane has no compensation from any source other than Design Asset Management, LLC. In turn, Design Asset Management's only source of compensation are fees paid by clients for services rendered. There are no sources of third-party compensation for either Henry S. Lane or Design Asset Management.

Item 6. Supervision

Henry S. Lane As the President & Chief Compliance Officer of Design Asset Management, Henry S. Lane is self-supervising. Mr. Lane can be reached at (913) 717-7597; or, hlane@design-asset.com.

Item 7. Requirements for State-Registered Advisers.

A.

1. Henry S Lane HAS NOT been involved in an award or otherwise been found liable in an arbitration claim alleging damages in excess of \$2,500.00 involving any of the following:

- (a) An investment or an investment-related business activity;
- (b) fraud, false statement(s), or omissions
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. Henry S Lane HAS NOT been involved in an award or otherwise been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following

- (f) An investment or an investment-related business activity;
- (g) fraud, false statement(s), or omissions
- (h) theft, embezzlement, or other wrongful taking of property;
- (i) bribery, forgery, counterfeiting, or extortion; or
- (j) dishonest, unfair, or unethical practices.

B. Henry S Lane HAS NOT been the subject of a bankruptcy petition.

C. Henry S Lane as a self-supervised management person is NOT compensated by the firm or by clients with performance-based fees.

D. 1. Neither a management person of Design Asset Management nor Henry S Lane have been involved in an award or otherwise been found liable in an arbitration claim alleging damages in excess of \$2,500.00 involving any of the following:

- (k) An investment or an investment-related business activity;

- (l) fraud, false statement(s), or omissions
- (m) theft, embezzlement, or other wrongful taking of property;
- (n) bribery, forgery, counterfeiting, or extortion; or
- (o) dishonest, unfair, or unethical practices.

2. Neither a management person of Design Asset Management nor Henry S Lane have been involved in an award or otherwise been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following

- (p) An investment or an investment-related business activity;
- (q) fraud, false statement(s), or omissions
- (r) theft, embezzlement, or other wrongful taking of property;
- (s) bribery, forgery, counterfeiting, or extortion; or
- (t) dishonest, unfair, or unethical practices

E. Neither a management person of Design Asset Management nor Henry S Lane currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund” and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.