

Ascent Capital Management, LLC



2796 NW Clearwater Dr.
Bend, Oregon 97703

(541) 382-4847

www.ascentbend.com

February 19, 2020

Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of Ascent Capital Management, LLC. If you have any questions about the contents of this Brochure, you may contact us at (541) 382-4847, or email info@ascentbend.com to obtain answers and additional information. Ascent Capital Management, LLC is a registered investment advisor with the Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC).

Additional information about Ascent Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Ascent Capital Management, LLC

Item 2 – Material Changes

The following material changes have occurred since the last update of our firm brochure, which was dated July 24, 2019:

- We have updated the amounts of assets under the Firm's management as of February 19, 2020, to reflect a total of \$243,105,545.
- We amended Schedule A of the Investment Advisory Agreement to include a separate fee charged for management of participant directed 401k plans.
- As of January 1, 2020, Wesley B. Price is no longer an owner of Ascent Capital Management, LLC. Mr. Price remains registered with, and providing investment advisory services to, the Company as an investment adviser representative.

Ascent Capital Management, LLC

	<u>Page</u>
Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information	8
Item 10 – Other Financial Industry Activities and Affiliations	8
Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading	8
Item 12 – Brokerage Practices	9
Item 13 – Review of Accounts	10
Item 14 – Client Referrals and Other Compensation	10
Item 15 – Custody	10
Item 16 – Investment Discretion	11
Item 17 – Voting Client Securities	11
Item 18 – Financial Information	11

Ascent Capital Management, LLC

Item 4 – Advisory Business

HISTORY OF THE FIRM.

Ascent Capital Management, LLC (“Ascent” “we” “us” and “Advisor”) is an Oregon limited liability company registered as an investment advisor with the Securities and Exchange Commission. Our principal place of business is located in Bend, Oregon. Ascent was founded in 2001 and as of January 1, 2020, its owners are Devin Harrigan, Certified Financial Planner® and Scott Agnew. All members of Ascent are registered investment representatives of Ascent, and serve on Ascent’s Investment Committee, which directs Ascent’s investment policy and strategy.

Ascent is an independent investment advisory firm. Our founding partners are successful CPAs as well as investment advisors. We are a fee-only firm with fees based on a percentage of assets under management or a flat fee. Our financial planning fees are charged by the project. We sell no products and collect no commissions or rebates.

Our firm is distinguished by the extensive financial and investment expertise of our partners. Our advisory services include advice on complex financial matters such as:

- preparing for a successful retirement
- tax minimization alternatives
- concentrated stock strategies
- estate planning
- philanthropic guidance
- portfolio management
- wealth management
- succession planning

INVESTMENT ADVISORY AND FINANCIAL PLANNING SERVICES

Ascent’s advisory process begins with comprehensive financial planning designed to assist clients in defining personal financial goals and objectives in the areas of retirement planning, business and succession planning, children’s education, risk management, estate and tax planning. The financial plan is followed by careful analysis and recommendations as to what financial actions and investment strategies are necessary to attain these goals and objectives.

Portfolios are structured on the core principle of diversification, exploring all major asset classes and utilizing both traditional and alternative investments. Ascent does not receive commissions, rebates or incentives from any investment products. This independence allows us to choose from the universe of available investment vehicles to manage a diversified portfolio.

Ascent Capital Management, LLC

The economic landscape is not static, neither are our portfolios, we constantly monitor economic and market conditions, looking for both areas of opportunity and excessive risk, adjusting the portfolios accordingly. Investment vehicles and managers are reviewed on an ongoing basis against their respective peer groups in both performance and risk, as well as for qualitative factors such as firm structure, consistency of portfolio managers, and fees.

Ascent provides comprehensive quarterly performance reports, which allow clients to monitor their portfolios progress against market benchmarks and over multiple time periods. Financial plans are reviewed as needed and compared against performance reports to ensure objectives and goals are being achieved.

RETIREMENT PLAN ADVISORY SERVICES

Ascent provides fiduciary and non-fiduciary services for retirement plan sponsors in the United States. Depending on retirement plan type, these services may include the following:

- Assess plan investment objectives;
- Assess plan investment policy statements;
- Design investment structure, including managing investment options consistent with objectives;
- Build, monitor and update model portfolios with investment options;
- Research, review and monitor investment options and performance;
- Assist with employee notices and disclosures;
- Support plan management and assist administrators with compliance testing and IRS reporting;
- Assist with payroll setup, training and coordination with employees;
- Provide onsite support to employees and educational programs; and
- Assist with plan governance.

FINANCIAL AND WEALTH PLANNING SERVICES

Ascent may engage clients for specific financial and wealth planning by its Certified Financial Planner™ professionals. Financial and wealth planning services may be included with our general investment advisory services or as a separate engagement for a separate fee as indicated below. Specifically, those services include the following:

- Asset Allocation and Investment Planning
- Retirement Planning
- Estate Planning
- Insurance Planning
- Cash Flow Management
- 529 College Savings

Ascent Capital Management, LLC

Although Adviser employs licensed CFP® professionals or individuals who have otherwise completed or are in the process of completing the CFP® certification process, not all clients of Adviser receive Financial Planning (as defined in the CFP Board's Code of Ethics and Standards of Conduct). Clients are informed of how Financial Planning would benefit each client and how the decision not to engage Adviser's CFP® professionals to provide Financial Planning may limit the Financial Advice (as defined in the CFP Board's Code of Ethics and Standards of Conduct) and other services contemplated by their IAA. Ascent is not liable for (i) any recommendations made for services or professional advice other than for financial services provided by Ascent, (ii) the quality of any services by a third party professional, (iii) the accuracy of any information provided to or from a third party professional, or (iv) the implementation of any recommendations made by such third party professional.

SUB-ADVISORY SERVICES

We may from time-to-time enter into sub-advisory agreements with other registered investment advisers for the benefit of specific clients. We currently have a sub-advisory engagements with Invesco Managed Accounts, LLC ("Invesco"), and Parametric Portfolio Associates® LLC (Parametric) both investment advisers registered with the SEC. Our clients whose assets are managed by Invesco receive Invesco's Form ADV Part 2A and 2B. Invesco manages "all fixed income" separate accounts for some of our clients, who are charged separately for Invesco's services in addition to our advisory fees, although the combined fee is not higher than our advisory fees charged to other clients. Our clients whose assets are managed by Parametric receive Parametric's Form ADV Part 2A and 2B. Parametric manages "all equity" separate accounts for some of our clients, who are charged separately for Parametric's services in addition to our advisory fees.

We do not participate in any wrap-fee programs.

Our assets under management as of February 19, 2020, are \$240,791,289 of client assets on a discretionary basis and \$2,314,256 on a non-discretionary basis.

Item 5 – Fees and Compensation

We are a fee-only advisory firm, meaning we are compensated only by our clients and do not receive compensation or commissions from any other parties. We believe this method of compensation minimizes conflicts of interest.

INVESTMENT ADVISORY SERVICES – DISCRETIONARY AND NON-DISCRETIONARY

For accounts managed under the Investment Advisory Agreement, clients pay a Fee quarterly in advance, calculated in accordance with fees set-forth in "Schedule A" of the Investment Advisory Agreement ("IAA"). The Fee will be equal to the respective percentage per annum below based on the market value of the Account on the last trading day of the previous quarter; provided, however,

Ascent Capital Management, LLC

Ascent has a minimum fee of \$2,000 per annum for client accounts. We reserve the right to amend the fees set forth in Schedule A of the IAA upon 30-days prior written notice to each client.

STANDARD FEE SCHEDULE

<u>Model Portfolios</u>	<u>Annual Fee</u>
\$0 to \$500,000	1.25%
\$500,001 to \$1,000,000	1.00%
\$1,000,001 to \$2,000,000	.85%
\$2,000,001 to \$5,000,000	.75%
\$5,000,001 to \$10,000,000	.65%
\$10,000,001 to \$20,000,000	.50%
\$20,000,001 +	Negotiable

<u>Custom Fixed Income Portfolio</u>	<u>Annual Fee</u>
\$0 to \$10,000,000	.25%
\$10,000,001 to \$20,000,000	.20%
\$20,000,001 +	Negotiable

<u>Participant Directed 401k Plans</u>	<u>Annual Fee</u>
Flat	.75%

<u>Financial Planning Fees</u>	<u>Fixed Fee</u>
\$2,000 Minimum	*Estimate to be provided before engagement

For purposes of determining value, securities, mutual funds, and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded.

Ascent may waive the minimum fee at its sole discretion. Notwithstanding the above standard fee schedule, fees are generally negotiable based on investment strategy and amount of household account management.

Fees are calculated and deducted from the client's account each calendar quarter following the billing date as stated in the client's IAA. The client may instead pay fees from another account or via invoice by completing and submitting written instructions to Ascent. Unless the IAA is signed on the first day of the calendar quarter, fees for the initial billing period will be calculated based on the number of calendar days from the date the IAA is signed until the end of the quarter. Payment of fees may result in the liquidation of client's securities if there is insufficient cash in the account. Clients bear the responsibility for verifying the accuracy of fee calculations. The amount of the fee deducted from the account is reflected on Ascent's quarterly performance reports and the client's monthly custodial statements.

Ascent Capital Management, LLC

Clients may be required to pay a proportionate share of any mutual fund's fees and charges, brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us.

The IAA may be terminated at any time by either party by written notice to the other party as set in the IAA. The market value of the assets will be construed to equal the sum of the values of all assets in the account, adjusted by any margin debit. Fees for partial quarters at the commencement or termination of this Agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis.

The Alternative Asset Consulting Agreement may be terminated at any time by either party by written notice to the other party as set in that Agreement. Refunds will be considered on a case by case basis at the request of a client.

We are a fee-only investment advisory firm paid on a percentage of client assets managed. We accept no commissions, referral fees, soft dollars, or other hidden costs often associated with the money management industry.

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

We do not charge any performance-based fees for our services. Accordingly, this item is not applicable to our firm.

Item 7 – Types of Clients

We provide investment advice to the following types of clients:

- Individuals
- Corporations
- Pension and Profit Sharing Plans
- Trusts, Estates and Charitable Organizations
- Endowments

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

METHODS OF ANALYSIS

Ascent uses both qualitative and quantitative tools to analyze markets, sectors, and securities. Ascent makes extensive use of computers, computer peripherals, software, and computer databases in screening for securities worthy of investment consideration. Ascent uses a centralized portfolio

Ascent Capital Management, LLC

management system, which includes block trading, portfolio management, and securities price data collection.

INVESTMENT STRATEGIES

Client accounts are generally diversified in their investments in equity, fixed income or blended based on their individual financial goals and objectives, restrictions or investment limitations as expressed by the client. Ascent seeks to maximize opportunities and manage risk by taking advantage of investing in the following:

- Equity securities:
- Exchange-listed securities
- Securities traded over-the-counter
- Foreign Issuers
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposit and money market funds
- Municipal securities
- Investment company securities:
- Mutual fund shares
- Exchange traded funds ("ETFs")
- United States government securities
- Interests in limited partnerships and alternative investments.
- Private real estate investment trusts and
- Unit trusts
- Federal Farm Credit Bonds and Federal Home Loan Bank Bonds

While each of our client portfolios is customized for the client's needs and preferences, each portfolio will follow one of our general investment strategies based on the client's risk profile. We have created general investment strategies for six risk profiles:

- All Fixed Income
- Defensive-Balanced Risk-Averse
- Conservative-Balanced
- Balanced Moderate
- Equity-Tilted Growth
- Equity-Only Enhanced-Growth

The strategy for each of the above risk profiles involves investing in a blend of asset types consisting, primarily, of mutual funds, ETFs, individual bonds, unit trusts, business development companies, real estate and credit interval funds and private REITs.

Ascent Capital Management, LLC

We invest in ETFs and mutual funds that (a) hold the types of assets that best fit our client's risk profile and investment objectives and (b) diversify across many investment types to limit the specific risk of any individual investments. When selecting ETFs and mutual funds for our Balanced, Equity-Titled, and Equity-Only portfolios, we seek funds that invest in Large Cap Equity, Small Cap Equity or private equity based on a traditional top-down assessment of the overall economy and a consideration of long- and short-term patterns and trends. We look for ETFs and mutual funds that research equities and invest in those companies that are likely to demonstrate revenue and earnings growth, have compelling business franchises, solid existing business fundamentals, potential for stock appreciation and solid management. The ETFs and mutual funds also make decisions on sector and industry weightings of equities, as well as individual stock selection based on an unbiased evaluation of sector, industry and stock strength. We rely on the funds to screen each equity's technical, fundamental and valuation metrics for the eligible, investable universe of stocks.

Our portfolios that fall in the "All Fixed Income" profile are designed to maximize income while preserving capital. We believe the primary goal of successful fixed income investment management is maximizing portfolio yield without taking significant principal risk. That means we will not add risk by using portfolio leverage or derivatives. We invest "All Fixed Income" portfolios in individual fixed income securities as well as in ETFs and mutual funds that hold fixed income securities. These ETFs and mutual funds focus on two critical aspects to managing fixed income investments – duration and credit quality. These funds' fixed income investments have a high credit quality with varying duration.

Our "Balanced, Conservative-Balanced and Defensive-Balanced" portfolios allocate a greater portion of assets to individual fixed income securities and ETFs and mutual funds that invest in fixed income and other securities considered less risky, such as corporate and government bonds, commercial paper and certificates of deposit. Our "Equity-Only" portfolios have a greater portion of assets in international and emerging market investment.

RISKS ASSOCIATED WITH OUR METHODS OF ANALYSIS

We will use our best judgment and good faith efforts in rendering services to our clients. However, we cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time.

Our judgment about the attractiveness, value and potential appreciation of an asset class or individual security may be incorrect. The value of an individual security can be more volatile than the market as a whole, or our approach may fail to produce the intended results. Our estimate of a security's intrinsic value may be wrong or, even if our estimate of intrinsic value is correct, it may take a long time before the price and intrinsic value converge. As a result, there is a risk of loss of the assets we manage that is out of our control. We seek to reduce risk through diversification, however, diversification will not protect from a down market.

Ascent Capital Management, LLC

Additionally, in performing our analysis, we may use commercially available information services and financial publications, research materials prepared by various broker-dealers and other research developed by other third-party providers. Our 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.

Since not every investment decision or recommendation made by us will be profitable, clients assume all market risk involved in the investment of account assets under the IAA and understands that investment decisions made for this account are subject to various market, currency, economic, political and business risks. Investing in capital markets involves risk of loss that each client should be prepared to bear. Investing in fixed income instruments may involve certain costs and risks such as liquidity risk, interest rate risk, and credit risk. There can be no guarantee that a portfolio will meet its investment objectives or that it will not suffer losses. The above language does not relieve Ascent from any responsibility or liability we may have under state or federal statutes such as the Advisers Act of 1940.

Item 9 – Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Ascent is engaged solely in providing investment management and advice. However, Wesley B. Price, CPA is a founding partner in Ascent as well as the Bend Oregon based CPA firm of Price Fronk & Co., LLP. The performance of certified public accounting services by Wesley B. Price, CPA occupies the majority of his professional time on a day-to-day basis but he is also a consultant and engaged as a registered investment adviser representative of Ascent. Certain clients of our firm are also clients of Price Fronk & Co., LLP and vice versa.

Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading

CODE OF ETHICS

Ascent Capital Management, LLC

Ascent has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to clients. Prompt reporting of internal violations is mandatory. Our chief compliance officer regularly evaluates employee performance to ensure compliance with the Code of Ethics. The chief compliance officer will maintain (a) a "restricted list" of securities (issued by companies about which a number of our employees are expected regularly to have material, non-public information) and (b) a "watch list" of securities (issued by companies about which a limited number of our employees possess material, non-public information). Employees are prohibited from personally, or on behalf of an advisory account, purchasing or selling securities during any period they are listed on a restricted list. The watch list will be disclosed only to a limited number of other persons who are deemed to be necessary recipients of the list because of their roles in compliance. The Chief Compliance Officer of the Advisor periodically, but not less frequently than quarterly, will review employee trades to verify compliance and detect insider trading.

A copy of the Code of Ethics is available to any client or prospective client upon request.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Ascent or individuals associated with our firm may buy and sell some of the same securities for their own account that we buy and sell for our clients. In all instances where appropriate Ascent will purchase a security for all of its existing accounts for which the investment is appropriate before purchasing any of the securities for his own account and, likewise, when it determines that securities should be sold, where appropriate will cause these securities to be sold from all of its advisory accounts prior to permitting the selling of the securities from its accounts. In some cases Ascent may buy or sell securities for its own account for reasons not related to the strategies adopted by our clients.

When we are newly engaged by an investment advisory client for whom it expects to recommend securities in which Ascent or its principal hold a position, we will notify the new client of policies with respect to officers trading for their own account.

We may refrain from rendering any advice or services concerning securities of companies of which any of the Advisor's may have substantial economic interest, unless the Advisor either determines in good faith that it may appropriately do so without disclosing such conflict to client or discloses such conflict to the client prior to rendering such advice or services with respect to the account.

Item 12 – Brokerage Practices

Our clients' assets are held by independent third-party custodians. Except to the extent that a client directs otherwise, we may use our discretion in selecting or recommending the custodian. Clients are not obligated to effect transactions through any custodian or broker recommended by us. In recommending a broker we will comply with our fiduciary duty in accordance with the Securities Exchange Act of 1934, to obtain best execution and will take into account such relevant factors as the

Ascent Capital Management, LLC

value of the research provided, the commission rates charged, the ability to negotiate commissions, the ability to maintain volume discounts, execution capability, financial responsibility and responsiveness to the Advisor.

Notwithstanding the above, if a client insists that we direct its trading to a particular broker or dealer, the client should be aware that it may lose out on certain benefits that would otherwise be obtained and it should be understood that we will not have authority to obtain volume discounts, lower commissions, or narrower spreads. Consequently, clients directing the use of a particular broker or dealer may not receive best execution.

We are authorized in our discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and other transactions in the same or similar securities or instruments for our other clients. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. We direct that confirmations of any transactions effected each client's account will be sent, in conformity with applicable law, to the client.

Item 13 – Review of Accounts

Ascent representatives each oversee client accounts that are directly under their responsibility. Factors reviewed daily include changes in fundamentals of the companies or entities issuing securities owned or being considered for ownership as well as the prices of such securities, mutual fund analysis, and significant economic or industry developments. It is our policy to review client accounts on a weekly basis to evaluate performance, current asset allocation, and current objectives.

More frequent reviews may also be triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in macro-economic climate.

Detailed reports of account holdings and performance and other information are provided to clients on a quarterly basis. Clients will receive monthly statements from the independent custodian holding their account.

Item 14 – Client Referrals and Other Compensation

We have no arrangements, written or oral, in which we compensate others or are compensated for client referrals.

Item 15 – Custody

Ascent Capital Management, LLC

Other than having the ability to deduct our fees from our client accounts, we do not have custody of the assets in the account and shall have no liability to clients for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. Clients understand that SIPC provides only limited protection for the loss of property held by a broker-dealer. Ascent’s custodians recognize that many of our clients have accounts with balances in excess of the coverage provided by the SIPC. In order to ensure our clients with the most comprehensive coverage possible, our custodians offer supplemental coverage through highly rated insurers for additional protection. There is no per account dollar limit on coverage of securities through our custodians supplemental insurance.

Item 16 – Investment Discretion

Except as otherwise instructed, clients grant us ongoing and continuous discretionary authority to execute its investment recommendations in accordance with Advisor’s Investment Profile used to establish each client’s risk tolerance, objectives and suitability, without the client’s prior approval of each specific transaction. Under this discretionary authority, clients allow us to purchase and sell securities and instruments in their Account, arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the client in all matters necessary or incidental to the handling of the Account, including monitoring certain assets.

In some limited circumstances, clients may limit our authority to non-discretionary status requiring us to obtain their approval for each specific transaction prior to executing investment recommendations, as well as for the selection and retention of sub-advisors to their Account.

All transactions in a client’s account are made in accordance with the directions and preferences provided to us by each client. Clients execute instructions regarding our trading authority as required by each custodian.

Item 17 – Voting Client Securities

Unless specifically directed otherwise in writing by a client, we are not authorized to receive and vote proxies on issues held in any client accounts.

Item 18 – Financial Information

Ascent does not require prepayment of fees more than three months in advance for discretionary accounts.

Ascent Capital Management, LLC

As noted in Item 15 above, we do not have custody of client's funds or securities excepting the ability to deduct fees.

We have no financial commitments which would impair our ability to meet the contractual and fiduciary commitments to our clients, and have not been the subject of any bankruptcy proceedings.